Weekend FT

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Mission to Budapest
Malcolm Bradbury's next novel captures the shady world of east European fixers flourishing in the ruins of the Soviet empire .... Page I

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Liz McColgan's race to number one was a highlight in a sporting year dominated by sex, drugs and politics .... Page IX

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EUROPE'S BUSINESS NEWSPAPER

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World News

Algeria's Islamic party gains support in elections

Algeria's leading opposition party, the Islamic Salvation Front, emerged yesterday with a very strong chance of gaining an absolute parliamentary majority in the country's first-ever multiparty general elections. However, the result of next month's second-round voting could see an increase in seats won by the ruling Front de Liberation National. Page 22

Beirut body identified
A skull and bones found in Beirut are believed to be those of kidnapped CIA chief of station William Buckley. Bonn rejected kidnappers' demands to swap two jailed Lebanese brothers in exchange for two German hostages.

Croat town bombarded
The federal army and Serb militias bombarded the key industrial Croatian town of Karlovac in the heaviest assault in six months of fighting. Page 2

Financier arrested
Italian financier Giancarlo Parretti, who is fighting to retain control of the US media group Pathé Communications, was arrested in Rome in connection with tax fraud, police said.

IRA disrupts trains
Belfast-Dublin train services were disrupted when an Irish Republican Army bomb exploded near Newry station in Co Down just a few minutes after a three-day Christmas ceasefire ended. Page 4

Gadaffi's invitation
Libyan leader Muammar Gadaffi invited the west to send judges to Tripoli for the trial of two men charged with the 1988 Pan Am airliner bombing at Lockerbie in Scotland.

Manila sets deadline
The Philippines, signalling the end to nearly a century of American servicemen on its soil, said US forces must leave within one year after talks on a three-year phased withdrawal collapsed. Page 2

Massacre toll grows
The death toll from a massacre of train passengers in the Punjab rose to 53. Hundreds of Indian soldiers are hunting Sikh militants believed to be responsible.

Ruby's pistol auctioned
The pistol used in 1963 by Jack Ruby to kill Lee Harvey Oswald, President Kennedy's assassin, fetched $220,000 (£120,000) at a New York auction. It originally cost $62.50.

Noriega trial delay
The Miami drug-trafficking trial of former Panamanian strong man Manuel Noriega will not resume until January 27 because Judge William Hoeveler, 69, is recovering from heart surgery.

May poll odds cut
Bookmakers William Hill cut the odds on a British general election in May after an apparently accidental remark by Tory chairman Chris Patten specifying that month.

Dietrich turns 90
Marlene Dietrich, the cinema's most famous *femme fatale*, celebrated her 90th birthday in Paris.

Goodbye to Dessie
UK racehorse Desert Orchid is being retired at the age of 13 following a fall on Boxing Day in the King George VI Rank Chase at Kempton Park.

Business Summary

Brisk trade but no frenzy as UK stores launch sales

Sales fever seemed subdued in London shops. UK stores launching their seasonal sales yesterday reported healthy trading after a slow start – but not the shoppers' frenzy of previous years.

Elsewhere in Britain, trading generally appeared strong, with the Arndale Centre in the northern city of Manchester reporting its busiest day this year. Page 4

LA CINQ, troubled French TV station, won consent from France's TV regulator for an emergency cost-cutting scheme – but shareholders were warned that programmes must maintain the standards specified in the station's licence. Page 10

ASSICURAZIONI Generali, big Italian insurer, is to invest over L400bn for a 5 per cent stake in Spain's newly-merged Banco Central Hispano Americano. The deal with Generali was signed as Banco Hispano Americano formally merged with Banco Central to form Spain's biggest private commercial bank.

GERMAN BANKER Wolfgang Röller, chief executive of Dresdner Bank, criticised last week's Bundesbank decision to raise German interest rates, saying: "There is no justification for putting the EMS under pressure in order to raise the value of the mark."

EUROPE'S STEEL industry needs a "new look", according to British Steel chief executive, Sir Robert Scholey. He says investments should be co-ordinated to avoid over-capacity and the sector's work force should be cut by a fifth. Page 2

CANADA has approved the controlling stake taken by Hong Kong magnate Li Kashing in Husky Oil, one of Canada's biggest independent energy producers. Page 10

AUDIT FEES charged to UK companies are among the world's highest and UK accountants take longer than the international average to produce auditors' reports, says a survey of accounting and auditing trends. Page 8

LONDON property: Almost 40m sq ft of central London office space is vacant, say independent researchers, who predict a wave of mergers and failures for London's commercial agents in 1992. Page 5

BRITISH PETROLEUM, Alaska's biggest oil producer, has agreed to pay $185m to settle a long-running lawsuit alleging BP withheld oil royalties due to the US state.

VOLKSWAGEN Passat cars have started rolling off an assembly line in Bratislava, Czechoslovakia – first fruits of a DM880m joint venture aimed at producing 30,000 Passats a year by 1993. Page 10

D C COOK Holdings managing director Charles Pettingell has quit after little more than three months – the eighth board member since April 1989 to leave the USM-quoted motor dealer. Page 8

HARDANGER Properties, hard-pressed UK retail developers whose shares have been suspended since April, is offering to repay unsecured creditors 30p per £1 of debt. Page 8

JONES & SHIPMAN, Midlands machine tool maker, slid from modest profit into a £2.46m ($4.47m) half-year pre-tax loss. The interim dividend is being passed. Page 8

All 129 passengers and crew survived when this Copenhagen-bound Scandinavian Airlines MD-80 crashed and broke into three yesterday, minutes after taking off from Stockholm. Swedish prime minister Carl Bildt said their escape was "a Christmas miracle". Twenty-one people were injured, one seriously. The pilot said both engines failed.

Republics worried by the pace of economic reform

Russia angers new union

By John Lloyd in Moscow

FEARS OF Russian domination over the economies of other members of the Commonwealth of Independent States were raised yesterday after the Russian government rushed through a programme of privatisation measures.

The first meeting of the commonwealth, scheduled to be held in Minsk, the Belorussian capital, on Monday, is set to be the forum for a bitter dispute over economic reform – with the two biggest republics, Russia and Ukraine, at odds on its timing and scope.

Divisions also appeared in the Russian government with reports that there were "heated debates" among heads of ministries as they discussed the pace of the programme, which is due to begin on Thursday, the day scheduled for price liberalisation.

Moscow has refused a plea from the central Asian states for a delay in the price liberalisation programme. Their fear is that the resultant sudden sharp rise in prices will destroy their tottering economies.

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Contagion from across the frontier .... Page 7

Moscow is determined to introduce competition into production and suppl:, concerned that without competition prices will rise without limit.

The Russian programme announced yesterday envisages a "crash" programme of privatisation of small and medium-sized enterprises, shops, trading companies, housing and local transport services. Foreigners will initially be allowed to buy controlling shares in construction companies and in loss-making enterprises.

Excluded from immediate privatisation will be large enterprises, energy resources, defence plants, the communications media, most means of transport, tobacco, alcohol and baby food production.

Some progress on the military disputes between the two largest states was reported by Ukrainian leaders, after a day of talks in the capital, Kiev, between Marshal Yevgeny Shaposhnikov, acting head of the central military authority, and the Ukrainian leadership.

Mr Leonid Kravchuk, the Ukrainian president, told reporters after the meeting that "the major questions were settled".

However, Mr Ivan Bizhan, the deputy Ukrainian defence minister, said there was a difference of view over the control of the Black Sea Fleet – claimed by Ukraine, but with vessels armed with nuclear missiles which are claimed by the central military authorities.

Mr Kravchuk, who has disputed that Russia is the successor state to the Soviet Union, has said he does not accept Russian control over Ukraine's stock of strategic nuclear missiles – saying they must immediately be disarmed on Ukrainian territory.

Mr Mikhail Gorbachev, the former Soviet president, handed over control of the nuclear key to Mr Boris Yeltsin, the Russian president, on Wednesday.

Mr Anatoly Chernayev, Mr Gorbachev's national security adviser, said in remarks broadcast on Thursday that "now that the key is removed from his hands, I am worried about the operational control of nuclear weapons".

Mr Tom King, the British defence secretary, said there was a risk of the use of tactical nuclear weapons between the former Soviet states, if their

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Hope of rally in UK shares

By Rachel Johnson, Economics Staff

HOPES of a new year equity rally rose yesterday as the UK stock market gained more than 30 points, encouraged by Wall Street's Boxing Day surge to a record level.

In London, the FT-SE 100 share index gained 34.3 to 2,418.7 before closing early at lunchtime, with US-traded shares the biggest gainers. The stock market has staged a 60-point recovery this week.

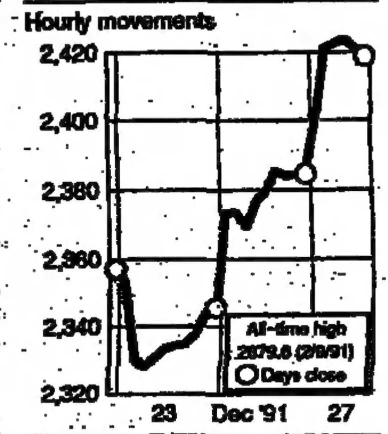
Both stock markets were boosted by the scale of the Federal Reserve's action last Friday to lift the US economy away from a double-dip recession, which increased the chances of a recovery in both countries in the early part of the new year.

The Dow Jones Industrial Average, boosted by the one percentage point cut in the discount rate to 3.5 per cent a week ago, rose to a record of 3,082.96 on Thursday, up 31.98.

Yesterday, it was up a further 15 points in early afternoon trading. Analysts said the market's direction was up, but its momentum had been slowed by profit-taking.

FT-SE 100 Index

Hourly movements



On the currency markets, the pound remained very close to its floor in the European

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Sorry Dow is cheered, Wkd II

US drug watchdog accuses Fisons of 'deceptive' tests

By Daniel Green

FISONS shares fell to their lowest level for 2½ years yesterday as it became known that US health regulators had branded as "deceptive" some of the UK drugs company's product testing.

The Food and Drug Administration was quoted in an authoritative Washington newsletter, The Pink Sheet, as saying that despite "violations", the company's highly profitable asthma drug, Intal, remained on sale, apparently because of the "medical necessity of the product".

Intal, on sale since 1969, is among the most profitable drugs in the £2.3bn world asthma treatment market. Fisons accused the newsletter report of being "inaccurate and misleading" and said supplies of Intal had not been affected.

After the report, the latest in a series of revelations to undermine stock market confidence in Fisons, the company's shares closed 31p lower at 293p.

Inspections by the FDA at a Fisons plant in Holmes Chapel, Cheshire, pinpointed what were called "significant deviations" from good manufacturing practice. They included:

- Storing drug solutions in what the inspectors identified as beer kegs.
- Running "deceptive" aerosol leakage tests, which eliminated low-weight inhalers from testing even though they may have been low weight due to aerosol leakage.
- Claiming to have eliminated aerosol leakage when changes had not corrected the defect.
- Changing the valve design on Intal inhalers without obtaining the necessary approval from the FDA.

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Lex .... Page 22

Fisons said yesterday that "a technical change to the valve on the inhaler has been the subject of discussion with the FDA for some time, but has not affected the normal supply of Intal to any market".

The company intends to publish a more detailed response. This will say that containers which resembled beer kegs have been replaced by ones that do not, that the aerosol testing method has been changed and that "leakage has been minimised".

The statement did not halt the slide in Fisons' shares. Some allegations, concerning purity testing and water quality, cover two other drugs, Imferon and Opticrom, which have been at the centre of controversy this year already.

FDA rulings forced the withdrawal of the two a year ago. During the summer, Fisons said they should would soon be back on sale, a statement which helped the shares reach record highs. Without official confirmation of this, however, Fisons shares began to fall. They lost almost half their value in three months.

On December 11, Fisons warned that the continued absence of the drugs from the US market would cost £65m.

MARKETS

STERLING
New York lunchtime:
$1.874
London:
$1.8775 (1.876)
DM2.8475 (2.85)
FFr9.735 (9.7425)
SFr2.535 (same)
Y235.75 (236.5)
£ Index 91.7 (91.9)

GOLD
New York Comex Feb
$355.0 (356.0)
London:
$353.35 (359.75)

N SEA OIL (Argus)
Brent 15-day
$17.675 (17.525)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.5175
FFr5.185
SFr1.35
Y125.8
London:
DM1.5165 (1.519)
FFr5.185 (5.1925)
SFr1.3505 (1.3515)
Y125.5 (127.1)
Tokyo close: Y125.75

US LUNCHTIME RATES
Fed Funds: $4\frac{3}{8}$%
3-mo Treasury Bills:
3.93%
Long Bond:
$105\frac{11}{16}$
yield: 7.51%

STOCK INDICES
FT-SE 100:
2,418.7 (+34.3)
FT-A All-Share:
1,157.09 (+1.3%)
FT-SE Eurotrack 100:
1,055.30 (+12.70)
New York lunchtime:
DJ Ind. Av.
3,096.15 (+13.19)
S&P Comp
405.69 (+0.85)
Tokyo: Nikkei
22,437.32 (-117.75)

LONDON MONEY
3-month Interbank:
11% ($10\frac{15}{16}$%)
Liffe long gilt future:
Mar $95\frac{29}{32}$ (Mar $95\frac{11}{16}$)

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Austria Sch30; Bahrain Din0.600; Bermuda $1.50; Belgium BFr60; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr13.00; Egypt E£3.50; Finland Fmk10; France FFr8.00; Germany DM3.00; Greece Dr200; Hong Kong HK$14; Hungary Ft162; Iceland IKR180; India Rup20; Indonesia Rp3,100; Ireland I£0.80; Israel NS4.60; Italy L2200; Japan Y500; Jordan JD1.20; Korea Won 2000; Kuwait Fils.800; Lebanon £1,1000; Luxembourg LFr60; Malaysia Rin4.50; Malta 45c; Morocco Dh10.00; Nigeria Naira15.00; Netherlands Fl3.50; Norway Nkr13.00; Oman OR1.20; Pakistan Rs35; Philippines Pso 40; Poland Zl 15000; Portugal Esc175; Qatar QR10.00; S.Arabia Rls8.00; Singapore S$4.10; Spain Pta175; Sri Lanka Rup30; Sweden SKr13.00; Switzerland SFr2.70; Taiwan NT$65; Thailand Bht60; Tunisia Din0.800; Turkey L6000; UAE Dh8.00; USA $1.25.

Keating reshuffle heralds boost for economic growth

John Dawkins: regarded as more interventionist

By Kevin Brown in Sydney

AUSTRALIAN prime minister Paul Keating yesterday appointed the country's fourth Treasury team in seven months as part of a reshuffle intended to freshen the image of the ruling Labor party.

Mr Keating, who replaced Mr Bob Hawke as party leader and prime minister after a party ballot last week, said Mr John Dawkins, the new treasurer, would head a drive to promote economic growth and create jobs.

Mr Dawkins, formerly employment and education minister and a leading supporter of Mr Keating during the year-long campaign to unseat Mr Hawke, is regarded as more interventionist than Mr Ralph Willis, the outgoing treasurer, who was appointed three weeks ago in a last-gasp reshuffle by Mr Hawke.

Mr Willis has been reappointed as finance minister, the job he held for eight years before replacing Mr John Kerin as treasurer. Mr Kerin had held the job since June, when he replaced Mr Keating.

Mr Keating, who was treasurer for eight years until his first unsuccessful bid to topple Mr Hawke, is expected to remain closely involved in macro-economic policy, which is largely the responsibility of the treasurer. The finance minister is responsible for revenue collection and control of government spending.

In other changes, Mr Kim Beazley, a prominent supporter of Mr Hawke, moves from the Finance Ministry to Employment, and Senator Graham Richardson, who ran Mr Keating's campaign, is promoted from Social Security to Transport and Communications. Mr Kerin moves from Transport to Trade and is demoted from the cabinet to the outer ministry. Mr Neal Blewett, the former trade minister, becomes social security minister.

Mr Alan Griffiths joins the cabinet as tourism minister, and Senator Bob Collins, aviation and shipping minister, is promoted to the cabinet.

Mr Keating said the reshuffle was intended to "promote recovery and to restart growth in employment as quickly as possible". He said Mr Dawkins was a "careful, creative and competent person".

The prime minister is expected to follow the reshuffle with an economic statement in the new year, setting the stage for Labor's attempt to win a fifth successive election early in 1993.

Labor trails the opposition Liberal/National party coalition by 18 percentage points in the opinion polls, largely as a result of an 18-month recession which has pushed unemployment to 10.1 per cent.

The statement is expected to include a range of employment creation measures, but neither the prime minister nor the treasurer would comment on possible changes in economic policy.

Mr Dawkins has previously urged the government to do more to assist emerging industries such as minerals processing, and has called for faster approval procedures for big projects such as mines and pulp mills.

The government's room for manoeuvre is limited by Mr Keating's commitment to return the federal budget to surplus as quickly as possible after two years of deficits caused by the recession.

The government's first move is likely to be a cut of 100 basis points in official interest rates to 7.5 per cent. The reduction has been widely forecast following cuts in US interest rates.

Mr John Hewson, leader of the opposition, said the reshuffle was "about factional deals and pay-offs for mates". He described the removal of Mr Blewett from the trade portfolio as "madness".

Mr Blewett has led Australia's attempts to achieve freer trade in agricultural goods in the Uruguay Round negotiations under the General Agreement on Tariffs and Trade (Gatt), which are close to a conclusion.

The reshuffle was well received by investors on the Australian Stock Exchange, where the All Ordinaries Index rose 19.8 points to 1594.9, partly on hopes that moves to stimulate the economy would benefit company profits. The Australian dollar closed slightly lower at 76.05 US cents, from 76.20.

Croatian town suffers heavy bombardment

By Laura Silber in Belgrade

THE federal army and Serb militias bombarded a key industrial town in Croatia yesterday in the heaviest assault in six months of fighting near Karlovac, 35 miles south-west of Zagreb, the capital of Croatia.

Croatian radio reported that about 500 mortar bombs had hit the town. Many of the mixed Croat and Serb population of 55,000 took refuge in underground shelters during the attack, which the Croatian reports said left parts of the town without water or electricity.

Reports of casualties could not be confirmed in Karlovac, which Serb nationalists say marks a future border for a Greater Serbia. Thousands of Serbs have fled central Croatia, claiming that the federal army has failed to defend them from a sustained Croatian military offensive.

Mr Greg Marinovic, an Associated Press photographer, yesterday said he saw Croat soldiers looting and burning abandoned Serb houses as they advanced in Pakrac, central Croatia.

Meanwhile in Ohrid, in the impoverished southern republic of Macedonia, Mr Slobodan Milosevic, the president of Serbia, held talks with Mr Kiro Gligorov, his Macedonian counterpart.

Macedonia has asked for recognition from the European Community, but it is plagued by disputes with neighbouring Greece and Bulgaria.

The talks, held at the initiative of Macedonia, appeared to be aimed at working out a modus vivendi with Serbia, if the southern republic is granted independence.

In the neighbouring province of Kosovo, which is under Serbian control, the interior ministry of Serbia yesterday said it had uncovered an alleged plot by ethnic Albanians designed to join Kosovo, which is over 90 per cent Albanian, with neighbouring Albania. It said 11 ethnic Albanians had been arrested.

Both Croatia and Serbia have again called for the deployment of United Nations peacekeepers. Mr Cyrus Vance, the UN special envoy, is expected to return to Yugoslavia on Monday, but the chances for a lasting ceasefire – a prerequisite for the deployment of UN troops – appear increasingly remote.

A masked rebel helps besiege the Georgian parliament building in Tbilisi, where President Zviad Gamsakhurdia is taking refuge

Europe's steel groups 'must work together'

By Christopher Parkes in Bonn

THE European steel industry needs a "new look", according to Sir Robert Scholey, chief executive of British Steel. Investments should be co-ordinated to avoid over-capacity, and the sector's workforce ought to be cut by 20 per cent if the industry is to compete with the best in the world.

It was nonsense for companies to install new plant to make specialities such as coated steels without talking to one another, he told a German business magazine.

"That is exactly what has happened since 1986, and now we have over-capacity depressing prices."

There was great mistrust among European steel-makers, he said. He proposed the appointment of an independent "father confessor" to review individual investment plans. "He might be able to bring together companies with similar projects, and that would help the whole industry," he told Manager Magazin.

Asked if more European steel jobs would be lost after the 250,000 which disappeared during the 1980s, Sir Robert said that steel was now a global business. If the European industry wanted to match the performance of Posco of South Korea – "the most efficient and lowest-cost steel maker in the world" – it would have to reduce its workforce from 310,000 to around 245,000.

Sir Robert also indirectly blamed British Steel's shareholders for the group's failure to move into east Germany. He had held talks with the Treuhand privatisation agency, and had been put off by the "very high" social and environmental costs associated with large workforces and pollution on the sites of former state-run steel works.

"British Steel cannot do what it wants," he said. Its institutional shareholders were unhappy if profits failed to appear and share prices fell.

Sir Robert Scholey: call for co-ordinated investments

"Life would be easier if we had Deutsche Bank behind us."

However, the group still wanted to strengthen its presence in Germany beyond the Troisdorf works it bought recently from Klöckner, "but not at any price". The group exported 40 per cent of its output, but only a fraction went to Germany, France, Italy, Spain and the Benelux countries.

Ruling out hostile takeover attempts, he said: "The company cannot move in where it is not wanted."

He had not been surprised by the Krupp takeover of Hoesch. It was high time for some movement in the German steel landscape, he commented. But he denied that British Steel had planned to bid for the 4m-tonne-capacity Hoesch business.

"That was a rumour put about to conceal the truth," Sir Robert claimed. It was true, however, that the company had held talks on collaboration with the late Hoesch chief, Mr Detlev Rohwedder. "He thought it was a good idea, but he was not able to convince his colleagues," Sir Robert claimed.

Germans warned on pay claims

By Christopher Parkes

ALARM bells should be ringing in Germany over the rising burdens on industry and irresponsible pay claims, according to Mr Hans Peter Stihl, president of the national chamber of trade and industry (DIHT).

Forecast economic growth of 2.5 per cent would only be attained if costs were held at present levels, he said in a bleak end-of-year statement.

He attacked both unions and government for endangering the country's record of nine years' uninterrupted growth, and warned of loss of markets and market share.

"High-pay" Germany was under massive international pressure. It was shocking, he said, that more and more indigenous companies were investing overseas, while foreign businesses were by-passing the country which was a natural bridge to east European markets.

"If we want to overcome the risks, 1992 should be the year of action and not discussion," Mr Stihl added.

German companies' loss of market share – above all to the Japanese – would soon be available for all to see as 1991 figures were calculated, he said.

In many sectors this was a result of pay, finance and taxation policies. A "bite out of the pay cake" comparable with last year's average 7 per cent increase could not be tolerated, he said.

Mr Stihl also called on the government to limit its demands in taxes, interest rates and costly environmental protection rules.

The state's share of gross national product – 52 per cent – was too high and hampered private industry. Lufthansa, the state airline, and the Telekom telecommunications utility should be quickly privatised, he said.

Georgian opposition leaders rescued from blazing cells

GEORGIAN rebels yesterday snatched eight jailed opposition politicians from prison cells engulfed in flames after a night of fierce shelling around the former Soviet republic's besieged parliament, Reuter reports from Tbilisi.

Those freed included Mr Georgy Chanturia, the main political opponent of President Zviad Gamsakhurdia, who is inside the parliament building with hundreds of well-armed supporters. Mr Chanturia described the attempt to overthrow the president as "a democratic coup", but said he regretted the use of force.

It was not clear yesterday who had the upper hand in the conflict, but rebel forces controlled much of the area around the parliament and were trying to enforce a blockade.

"We should localise this conflict so it does not engulf the whole of Georgia," Mr Chanturia said. "The main thing is that the west understands that it is not a putsch."

The National Democratic party leader explained how almost four months in prison ended with a rescue in the midst of the worst fighting since rebels laid siege to the Georgian parliament last weekend.

Speaking in a smoke-filled basement, he said the last few days had been terrible, with shells raining down around the prison where he was held near the parliament.

Huge palls of smoke hung over the city centre yesterday and fires blazed throughout the day. Health Ministry officials said the official death toll since Sunday had risen to 46, with about 300 wounded.

"It is a very cruel and senseless war," Mr Chanturia said, blaming it on President Gamsakhurdia. "It is important to arrest him [Mr Gamsakhurdia] and bring him to justice." Mr Gamsakhurdia has refused to surrender or meet opposition demands for his resignation.

Two rival demonstrations took place in Tbilisi yesterday. About 3,000 supporters of Mr Gamsakhurdia gathered near the city's university. Thousands more were heading for this rally from outside Tbilisi.

In another part of the city a few thousand opposition supporters listened to speeches from at least four of the opposition members freed from prison yesterday.

The speakers included Mr Chanturia, 31, who pledged to "restore democracy" in Georgia and said a victory for Mr Gamsakhurdia would have bloody consequences.

China recognises former Soviet republics

CHINA yesterday recognised Russia and the 10 other republics of the Commonwealth of Independent States, Reuter reports from Beijing.

Chinese radio said Beijing's ambassador to the Soviet Union would become ambassador to Russia. China has also recognised Georgia, which has not yet joined the CIS.

● A Spanish radio station said yesterday that former Soviet leader Mikhail Gorbachev might come to live and work in Spain. It gave no details.

● Members of the Commonwealth of Independent States should be invited to join the Conference on Security and Co-operation in Europe, said Mr Hans-Dietrich Genscher, the German foreign minister.

● The head of the French consulate in Kiev, Mr Hugues Pernet, was appointed chargé d'affaires to Ukraine yesterday, signalling implicit recognition by France.

US to quit Philippines naval base in a year

By George Graham in Washington

THE US will pull down the flag over its naval base at Subic Bay by the end of next year, after failing to reach agreement with the Philippines government on a slower withdrawal.

The closure of Subic Bay will complete a gradual reduction in the presence which has dominated the Philippines since the US replaced Spain as its colonial ruler in 1898.

The damage caused by Mount Pinatubo's eruption this year had already forced the closure of Clark Air Force base. The base at Subic Bay appeared doomed to closure after the Philippines Senate refused to ratify a 10-year agreement negotiated with the US by the government of President Corazon Aquino.

Negotiations on a three-year withdrawal collapsed over the US's refusal to set a timetable or to say whether naval vessels using the base were carrying nuclear weapons.

The base was used as a training centre, repair yard and supply depot for the US Seventh Fleet, but analysts had begun to question its strategic role as the Soviet presence in south-east Asia dwindled and the Soviet navy began to pull out of its base at Cam Ranh Bay in Vietnam.

Bush welcomes foreign investment ahead of trip

PRESIDENT George Bush, in an attempt to ease Asian anxieties ahead of his trip to the Far East next week, has taken the unusual step of issuing a statement welcoming foreign investment in the US, AP reports from Washington.

He told a news conference on Thursday he was "reaffirming the unequivocal and longstanding support of the US for a policy of free and open foreign direct investment among all nations." Mr Bush sets off on Monday for a four-nation tour of Japan, Korea, Singapore and Australia.

Mr Bush's remarks were aimed primarily at the Japanese, who have been worried by criticism in the US over the extent of their investments there. His reassuring tone was also designed to ease tension over trade issues. Mr Bush had already said he hoped to press Tokyo to open its markets to more US products. The US last year ran a $41bn (£22.5bn) trade deficit with Japan.

"As other nations around the globe join us in embracing the concept of free markets, it is important to reaffirm our commitment to an open investment policy," Mr Bush said. "Like domestic investment, foreign direct investment stimulates growth, creates jobs, fosters competition, and facilitates the creation and exchange of goods, services and innovative techniques."

Dearth of jobs deters Israeli immigrants

By Hugh Carnegy in Jerusalem

UNEMPLOYMENT in Israel is deterring tens of thousands of Jews in the former Soviet Union from emigrating despite their mounting concern about future conditions in the newly independent republics, a senior Israeli immigration official said yesterday.

Commenting on a sharp decline in Soviet Jewish immigration this year, Mr Simcha Dinitz, chairman of the Jewish Agency, criticised the government of Prime Minister Yitzhak Shamir for failing to implement adequate employment policies. Latest figures show 40 per cent of Soviet immigrants are unemployed.

The agency, a semi-governmental body in charge of bringing immigrants to Israel, said 142,000 Jews from the former Soviet Union had arrived this year, compared to 185,000 in 1990. Estimates at the start of the year had ranged as high as 400,000. About 340,000 have arrived since late 1989.

Mr Dinitz said 1.2m Jews in the old Soviet territories had taken the first step towards leaving, by seeking invitations from relatives in Israel to join them. More than 100,000 had exit visas. He said there were particular signs of concern to leave among the 200,000 Jews in the Moslem republics.

But he did not expect the monthly rate of exit of 10,000 to rise unless economic conditions in Israel improved: "Tens of thousands of Jews are sitting on their suitcases, with all the necessary papers from the authorities to leave, but they are delaying because of the difficulties of absorption in Israel," he said.

The agency has denied suggestions that a large proportion of those already in Israel are also seeking to leave.

De Havilland wins big order

De Havilland of Canada, the troubled commuter aircraft maker owned by Boeing, has won its largest order in almost three years with a $190m (£104m) deal to sell 20 Dash-8 airliners to Northwest Airlines of the US, writes Bernard Simon in Toronto.

The sale brings de Havilland's 1991 orders to 32, well below last year's 46 and a record 104 in 1989. But the company said the order would mitigate the impact of severe staff and production cuts announced earlier this year.

Boeing is looking for a buyer for de Havilland. A tentative deal with Aerospatiale of France and Italy's Alenia was blocked by the European Commission on the grounds that it would have restricted competition in the commuter aircraft market.

The most likely buyer is now Bombardier, the Montreal-based transport equipment maker. The Ontario provincial government may also take an equity stake. Delivery of the Northwest aircraft will start next April. The 36-seat twin-engined planes will be leased to a regional carrier, Mesaba Aviation, which serves Northwest's hubs at Detroit and Minneapolis.

Venezuela sees 9% growth

The Venezuelan economy grew by 9.2 per cent in real terms during 1991, the highest increase recorded since 1964, according to the Central Bank, writes Joe Mann in Caracas.

The country's dominant petroleum sector grew 9.9 per cent this year, while non-petroleum sectors rose 8.6 per cent.

Inflation slowed during the year, but it remains high. The consumer price index increased by 30.7 per cent in 1991, compared with an increase of 36.5 per cent in 1990 and a record high of 81 per cent in 1989.

Railway speculation bungle puts González on the line

Peter Bruce on how a railroad financing gamble went horribly wrong for Spain's socialist government

A BUNGLED attempt by Spain's railway monopoly, Renfe, to finance a new local line near Madrid by speculating in land along the proposed route is threatening to force a painful cabinet reshuffle on prime minister Felipe González.

The affair, in which Renfe spent nearly Pta2bn (£10.9m) buying land worth just a fraction of that, has cast a cloud over the political future of health minister Julián García Valverde, who was chairman of Renfe at the time. Parliament yesterday appointed a commission of inquiry into the affair.

The imbroglio has proved embarrassing for the image of Mr González as leader of a pragmatic and efficient socialist administration. Several companies from which Renfe bought land are also at the centre of the country's largest tax fraud.

In 1988, two municipalities just north of Madrid – San Sebastián de los Reyes and Alcobendas – began pressing for a rail link with the capital. Renfe was able to budget only Pta3bn, not nearly enough. The municipalities, Renfe and the Madrid regional government, all run by Mr González's Socialist party, then devised a plan in the best capitalist traditions of railroad construction: they entered the land speculation business. About 200 hectares near the line would be re-zoned for development and sold; profits expected to be around Pta12bn would build the line.

It had been assumed that the state railway would stay out of the financing, but at some stage Mr García Valverde's team at Renfe appeared to decide they could do it better. That was a mistake, because a lot of people seem to have got wind of the operation, and the land began to change hands at huge profit margins before Renfe was ready to buy.

One plot, bought by a company called Malagueña de Obras y Proyectos for Pta59m on February 9 last year, was sold on the same day to Renfe for Pta116m. Another, bought on May 5 for Pta13.7m, was sold a week later to Toher for Pta52.7m and resold the same day to Renfe for Pta223m.

To this day, the land has still not been re-zoned, leaving Renfe sitting on countryside costing Pta2bn but worth only about a fiftieth of that on the market.

Not only was Renfe being taken to the cleaners, but, unknown to it, both Malagueña and Toher were to surface in a police investigation this autumn into a multi-billion-dollar VAT fraud. The companies, according to the police, are among hundreds discovered to have been selling false invoices to big corporations which use the invoices to reclaim VAT on their tax returns. The investigation represents easily the biggest assault against the vast black economy which bedevils the government's attempts to consolidate its tax base and reduce its public sector deficit.

While the fraud investigation continues, Mr García Valverde and his former Renfe team are under great pressure. Three senior Renfe managers have already resigned, and many Socialist party officials believe the health minister will not last long in the government.

But Mr González loathes cabinet changes because they make him look indecisive. With speculation rife that he is thinking about calling an early general election next year before having to make tough budget cuts to rein in an almost certain rise in inflation, any precipitous cabinet change would be read as panic. On the other hand, the prime minister will not want to face the electorate with the Renfe scandal unresolved.

Defending himself in parliament this month, Mr García Valverde said he had been acting under orders from the government and "there is no other way to do this sort of railroad operation". In other words, land speculation was a good thing. Listening to him on the radio, one cynical Madrileño announced that the statement was "the absolute end of even pretending they [the government] is socialist".

That is probably unfair, and Mr García Valverde's more serious critics say his worst failing was managerial. But Renfe, before and during Mr García Valverde's stewardship, was a voracious spender of the taxpayers' money. It is one of the biggest debtors in the Euromarkets, where it owes £4.3bn.

As a result, Mr García Valverde's successor, Ms Mercé Sala, has been trying to claw back expenses on a high-speed line being built between Madrid and Seville, the Andalucian capital, which will host the Expo '92 world fair.

The project is now costing about Pta400bn – double the original estimates – and Renfe is cutting back the number of trains it has ordered. The railway, which had rejected a much cheaper bid for the trains in 1988, will have to pay compensation. Even when the line is finished, it will be at least the end of the century before a high-speed link between Madrid and the rest of Europe is built.

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INTERNATIONAL NEWS

How the separated republics are coping

John Lloyd looks at the strengths and weaknesses of the new Commonwealth states

THE 15 republics of the former Soviet Union are now formally independent, and recognised as such by the world community. They are, however, more closely integrated economically than any other group of states.

● **RUSSIA.** The core republic has 148m citizens, 51 per cent of the former USSR total; its land-mass is more than 17m sq km, 76 per cent of the total and a sixth of the globe's land. Oil production is falling rapidly from last year's 550m tonnes, and its oil exports are estimated to be down around 70m tonnes for this year. Since it controls much of the oil, gold, gas and precious metals, and thus exported most of the total Soviet exports, it is dominant and will remain so.

Political stability: medium to low. A new cabinet is about to introduce price liberalisation and other economic reforms: it has the strong backing of a still popular president, Mr Boris Yeltsin. However,the population is already restive and anxious over reform, and many will be below the poverty line;. some of the autonomous republics within Russia are seeking independence; there are inter-republican feuds brewing with the Baltics, and with Ukraine.

Prospective legislation: Price reform laws allowing the privatisation of many sectors of the economy and new foreign investment laws are planned or already drafted.

● **UKRAINE:** population 52m; area 506,000 sq km. It produces little oil and gas; its main power source – the 150m-180m tonnes of coal production from the Donbass fields – is as much a burden as an asset, since the coalfield is part played out. It is heavily dependent on heavy and defence industries, though grain production is the highest per head among the states.

Political stability: medium. Its president, Mr Leonid Kravchuk, got solid voter support at the beginning of this month.

Legislation reflects a cautious approach to the market. Domestic and foreign investments encouraged by tax exemptions; draft law on farming to open the way to privatisation. It has prepared coupons for use within its borders largely to replace the rouble, and will print its own currency as soon as possible.

● **KAZAKHSTAN:** population 17m; area 2.8m sq km. Population divided almost evenly between Russians and native Kazakhs. Annual oil output of 25m tonnes should be boosted once the massive Tengiz field comes on stream: coal production of around 138m tonnes has suffered less disruption than elsewhere. Big grain producer.

Political stability is medium to high – as President Nursultan Nazarbayev runs the state carefully.

Legislation: efforts to move rapidly towards the market.

● **BELORUSSIA:** population 10.3m; area 208,000 sq km. The third of the Slav republics has almost no oil, gas or coal production but is relatively rich agriculturally – especially in beef – and has large petrochemical and engineering sectors.

Political stability: medium to high. A relatively homogenous population.

Legislation: like Ukraine, it is planning its own currency. Tax exemptions promised to companies with more than a 30 per cent foreign shareholding.

● **UZBEKISTAN:** population 20m: area 447,000 sq km. The largest of the Central Asian states has a little oil and some gas production, low output per head and is largely dependent on its cotton.

Political stability: medium to low. Politics has been tightly controlled, and a prey to corruption.

Legislation: little drafted.

● **TAJIKISTAN:** population 5m; area 143,000 sq km. With no energy production and an ill-developed industry, it is the least promising of the states economically.

Political stability: medium. Its authorities have hardly changed, except in name, from the days of party rule: some anti-Russian demonstrations.

● **KIRGIZIA:** population 4.4m; area 199,000 sq km. No energy production, and its industries are mainly based on its relatively good agricultural sector.

Political stability – medium to good. Under its new president, Mr Askar Akaev, the tone is much more liberal than in the other Central Asian republics.

● **TURKMENISTAN:** population 3.6m; area 488,000 sq km. It has some oil and gas production, with a large cotton crop.

Political stability is medium: legislation on private enterprise is based on the former Soviet model.

● **AZERBAIJAN:** population 7.1m; area 87,000 sq km. A large oil and gas production and a relatively well-developed industrial sector. The largest of the three Caucasian states, and the only one which is Moslem.

Political stability: medium to low. The central fact of its political life is the Armenian-dominated enclave of Nagorno-Karabakh, near its border with Armenia.

Legislation on private enterprises and on granting oil concessions to foreign companies is on the statute books.

Trade among republics

	Exports to republics (% NMP*)	Exports outside USSR (% NMP)
Russia	18.0	8.6
Ukraine	39.1	6.7
Belorussia	69.6	6.5
Uzbekistan	43.2	7.4
Kazakhstan	30.9	3.0
Azerbaijan	58.7	3.7
Armenia	63.7	1.4
Tajikistan	41.8	6.9
Georgia	53.7	3.9
Moldova	62.1	3.4
Turkmenistan	50.7	4.2
Kirgizia	50.2	1.2
Estonia	66.5	7.4
Latvia	64.1	5.7
Lithuania	60.9	5.9

*NMP = net material product (GDP excluding most services)

● **ARMENIA:** population 3.3m; area 30,000 sq km. Its people were victims of massive pogroms before the first world war; more than 30,000 died in the 1988 earthquake. No energy production but relatively advanced industry around the capital, Yerevan.

Political stability: medium. Under President Levan Ter-Petrosian, a leader of the nationalist movement, Armenia has returned to its traditional posture of friendliness to Russia.

Legislation – pro-market laws adopted and pending.

● **MOLDOVA:** population 4.4m; area 34,000 sq km. Made up mainly of ethnic Romanians, many of whom wish to join neighbouring Romania. It is rich in wine and agricultural production, but backward in industry.

Political stability: low. Its large Russian minority is fiercely opposed to the nationalist government.

● **GEORGIA:** population 5.4m; area 70,000 sq km. Some coal production, but its industry is backward. Strong in wine, vegetables and fruits.

Political stability: very low. Civil war rages in its capital, as the President Zviad Gamsakhurdia is under armed attack from an opposition which acts in the name of democracy.

Legislation – much prepared on a transition to the market, but the real direction was towards taking the economy into state hands.

● **ESTONIA:** population 1.6m; area 45,000 sq km. The smallest of the former Soviet states, and one of the most advanced: it has a cognate language with Finnish and now almost a common labour market.

Political stability: medium. Its government has been under attack from radicals, but democratic practices are relatively well embedded.

Legislation: a raft of laws on the market, including laws aimed at returning land to previous owners.

● **LATVIA:** population 2.7m; area 65,000 sq km. The most urbanised and ethnically mixed of the Baltic states, with only about half of its people Latvian. Its industry is well developed, as is tourism.

Political stability – medium: large Russian minority has complained bitterly of discrimination.

Legislation is aimed at attracting foreign investors, giving them equal rights with Latvians.

● **LITHUANIA:** population 3.7m; area 65,000 sq km. Like the other two Baltic states, it has a good industrial sector but no energy resources: it also has a large agricultural sector.

Political stability – medium: the nationalist government under Mr Vytautas Landsbergis is now losing some support.

Legislation has been aimed at rapid privatisation of enterprises.

'Undeclared war' threat to Azerbaijani independence

Gillian Tett on the Nagorno-Karabakh dispute

OUT on the tarmac at Azerbaijan's Baku airport, a team of workmen is celebrating Azerbaijani independence in paint. The Aeroflot aircraft fleet is being repainted in Azerbaijani colours and wobbly signs that read "Azerbaijani Airlines".

Their handiwork is only the most visible sign of the pride that this volatile, Moslem republic – formerly one of the most conservative in the Soviet Union – now feels in its new freedom from Moscow. For as Azerbaijan goes to the polls tomorrow in a referendum on its earlier declaration of independence, few expect the vote to be anything other than an overwhelming confirmation of Azerbaijan's determination to stand alone within the commonwealth.

"Our population now is determined to be independent in every sense," says Mr Edgar Namazov, an Azerbaijani political scientist. "We see no other option."

But whether Azerbaijan can survive independently is uncertain. Although the republic is blessed with a rich array of natural resources such as oil, it is dogged by the long, bloody dispute over Nagorno-Karabakh – a dispute that has often been cited as one of the compelling illustrations of the inter-ethnic violence that could dog the break-up of the Soviet Union.

In the last four years the conflict – or "undeclared war", as the Azerbaijanis term it – has cost over 1,000 lives, as armed groups of Armenians battle with equally well-armed groups of Azerbaijanis for control of the enclave, which is in Azerbaijan but claimed by Armenia.

In recent weeks the conflict has been growing. After an Azerbaijani helicopter crashed this month, killing 23 people – including the Azerbaijani interior minister and Russian and Kazakh peace negotiators – Azerbaijan suspended the autonomous status of Nagorno Karabakh, imposing direct rule on the defiant enclave.

This, coupled with its provocative decision to impose a further economic blockade against Armenia, has provoked a bitter reaction from the Armenians. They have insisted that the crash was an accident.

Azerbaijanis remain grimly convinced that they are the victims in the conflict. There is great bitterness in the republic against the perceived pro-Armenian bias in the Soviet and western media. Many believe the Armenians were previously supported by Moscow – a charge the Armenians themselves have levelled against the Azerbaijani groups who have attacked Armenian villages.

"It is the centre which pro-

President Mutalibov: took over armed forces

voked this conflict," says Mrs Leila Yunusova, leader of the Social Democratic party, one of the many opposition parties. She believes that in spite of the Soviet Union's demise, centrist forces in the union are still reluctant to lose control of the oil-rich and politically strategic republic on the Iranian border.

Opposition groups insist the Nagorno-Karabakh problem can be solved only if the Soviet army withdraws.

In a move designed to appease the nationalist forces – and strengthen his own, somewhat authoritarian, political hand – Mr Ayaz Mutalibov, Azerbaijani president, recently proclaimed himself commander in chief of the forces on Azerbaijani territory. But as yet the Azerbaijani leaders seem reluctant to demand a full withdrawal of the troops, apparently fearing the conflict would spiral uncontrollably if this happened.

"We can't have an independent government without an army, but it will take several years before we have an army strong enough to protect ourselves," says Mr Ragim Kuliev, deputy interior minister, admitting that the cost of maintaining such an army would present "a big problem" for the Azerbaijanis.

But their hand may be forced. Although the structure and funding of the Soviet military is still undecided, pending Monday's meeting of the commonwealth in Minsk, Russia seems unwilling to pay the bill for the "peacekeeping" forces in the region indefinitely.

Meanwhile, Azerbaijani's preoccupation with Nagorno-Karabakh is threatening to eclipse other areas of badly-needed reforms.

Although Azerbaijan has always had a thriving non-state or black market economy, reform of the state-run sector of the economy has barely started. Discussions are under way about the preparation of a separate currency, but these are as yet only tentative. "Even if countries wanted to give Azerbaijan credit, it is difficult to know who to give it to. It still has no proper financial structures," commented a government official from neighbouring Turkey – a country which has expressed a strong economic interest in Azerbaijan, as they share close cultural and linguistic ties.

Azerbaijanis themselves remain optimistically convinced that although much of their rural population is officially calculated to be living below the poverty line, the republic is sufficiently well endowed in natural resources to survive alone.

Since August, the republic has taken control of its oil production, officially claimed to be 14m tonnes a year. Although there is some political opposition to foreign involvement in oil production, negotiations are under way with western oil companies, notably Amoco, for the exploration and development of the big oil reserves under the Caspian Sea.

But Azerbaijanis recognise that attracting foreign investment, or building up a stable economy, will be difficult while a quasi-civil war rages in their territory. A solution to the conflict seems as far away as ever.

Action is urged on 'bogus' pricing

By Ivo Dawnay, *Political Correspondent*

THE government must end months of delay in tackling misleading advertising of retail or mail order "bargains", Labour said yesterday.

As the winter sales begin, Mr Gordon Brown, the shadow trade secretary, demanded immediate steps by the department of trade and industry to tackle "bogus " claims.

He said companies were continuing to use marketing techniques that breach a government Code of Practice established under the 1989 Consumer Protection Act.

These include offering sharp reductions in "recommended retail prices", phoney introductory offers and other unsubstantiated claims of special deals for shoppers.

"With Britain now in the age of the permanent sale it is imperative that new regulations are introduced immediately," he said.

Mr Brown said the recommendations of the DTI monitoring committee on misleading price claims should be adopted forthwith to outlaw the activities of unscrupulous traders.

He said many shops carried signs such as "Everything 25 per cent off" when in reality only some prices are cut. Introductory offers were often continued for months.

The DTI committee's report said a clear majority of its members found "significant problems" in the retail industry and believed regulations should now be introduced to enforce the so-called 28-day rule that requires full prices to be charged for a month before a cut in prices can be claimed.

"At present, the law says the pre-sale price must be on offer for 28 days, but chain stores can offer the higher price for 28 days in one remote store then advertise a national sale," Mr Brown said.

The committee also unanimously accepted that wholesale revision of the code was necessary, though a minority believed aspects of the system should be allowed more time to bed down before they were finally assessed.

Healthy sales business reported despite slow start

By John Thornhill

THEY WERE scrabbling for the scarves in Liberty and lunging for the lingerie at Selfridges yesterday, as this season's bargain-hunters in the west end of London seemed to display a less frenetic zeal than in previous years.

As many of the big retail groups opened their doors for their "January" sales yesterday, many shoppers appeared to have stayed away.

There were a few hardy souls sleeping in the doorways in the hope of being first in the queue for a special bargain. The early-morning crowds seemed sparse.

Perhaps the unprecedented wave of pre-Christmas discounting had dampened their ardour or maybe the recession was still rattling the confidence of the spending classes. But trade did pick up as the crisp winter's day continued.

"I don't know what happened to the recession" said a bemused ticket inspector at Bond Street underground station watching the crowds flood through at midday. "This is about the busiest I have ever seen it."

The big stores which started their sales yesterday such as Selfridges, Liberty and Daks Simpson reported healthy trading.

Mr Tony Salem, retail managing director of Liberty, the Regent Street fashion house, said: "The store is absolutely seething with a mass of humanity. It does surprise me but it is very, very encouraging.

"We were a bit nervous because so many people began their sales before Christmas and we thought that that might hurt us. But it has not done so in any shape or form."

He added that sales at its smaller branches throughout the country were also experiencing a strong surge. "We took a reading at 12 o'clock and our smaller stores were 30 per cent up on last year," he said.

Trading outside London generally appeared strong. The Arndale Centre in Manchester reported very buoyant trade yesterday.

Selfridges, the Oxford Street department store and flagship of the Sears retailing group, had experienced slow trading before Christmas apart from a hectic last two days. Yesterday the company estimated that 150,000 shoppers had come through its doors – about one third up on last year.

How much they chose to spend was another matter, although a spokeswoman commented that "shoppers were clutching lots of carrier bags and not just wandering around aimlessly".

She added, "People have been very cautious buying Christmas presents but seem to be making up for it in the sales."

There was a similar story from Daks Simpson, the upmarket clothing group in Piccadilly. The Japanese-owned store reported a "very promising" start to its sale with trade up on last year. However, sales before Christmas had not been "as chaotic as they normally are".

Debenhams, the department store group which was heavily discounting before Christmas, formally began its sale yesterday. But it was unable to make any comment about trading because the company's press officers, unlike its busy shop assistants, were not at work.

But although the winter sales might allow retailers to shift unwanted stock and raise the cash needed to keep their banks sweet, few seem to believe it will bring more than temporary relief.

"The problems for us are more likely to come in 1992 than 1991. The recession that is now spreading to Japan and the pending election will make life very difficult for us," said Mr Salem of Liberty.

Lincolnshire nears university decision

By Paul Cheeseright

LINCOLNSHIRE County Council will shortly select one of six higher educational institutions to help it set up a new university in Lincoln.

Mr Arthur Ridings, the county's director of education, is preparing a report evaluating the competing claims of the six institutions and setting out the conditions necessary to establish the university.

The six institutions are: the Open University, the universities of Hull and Nottingham, and the polytechnics of Humberside, Leicester and Nottingham. During the autumn and early winter, they gave public presentations of their case.

Mr Ridings said that a common feature of the presentations was that "irrespective of the route forward, the end point is a near certainty that a university college of Lincoln could be established".

The most likely approach will be the establishment by one of the six competing institutions of a university college based on one of the county's colleges of higher education. This phase of the development could start as early as next year.

The scheme would then be expanded with the aim of developing into an independent university by the end of the decade.

Lincolnshire's moves towards a university originated with the Confederation of British Industry. In 1990 county business leaders floated the idea of a private-sector university, similar to the University of Buckingham. It was seen as a means of fostering economic development in a region still dependent on agriculture and food processing and with few industrial centres.

The idea was taken up by the county and has broadly based political and community support. The notion of a private-sector university has been dropped in favour of an institution in the mainstream of the British educational system.

Since last summer the county's education committee has been searching for a higher educational institution to help it realise the plan.

The main problem will be finance. Hull University has estimated that start-up costs of a university college could be £35.5m excluding the land. The total could be less if existing buildings owned by the county council are used.

Although the Higher Education Funding Council, which provides the bulk of the finance for British universities and polytechnics will be asked for funding it seems likely that up to half the money will have to come from other sources.

Lincolnshire County Council is in a stronger position than most authorities to provide funding, since it is one of the few debt-free local authorities in the UK.

Safeway group steps up move on petrol sales

By John Thornhill

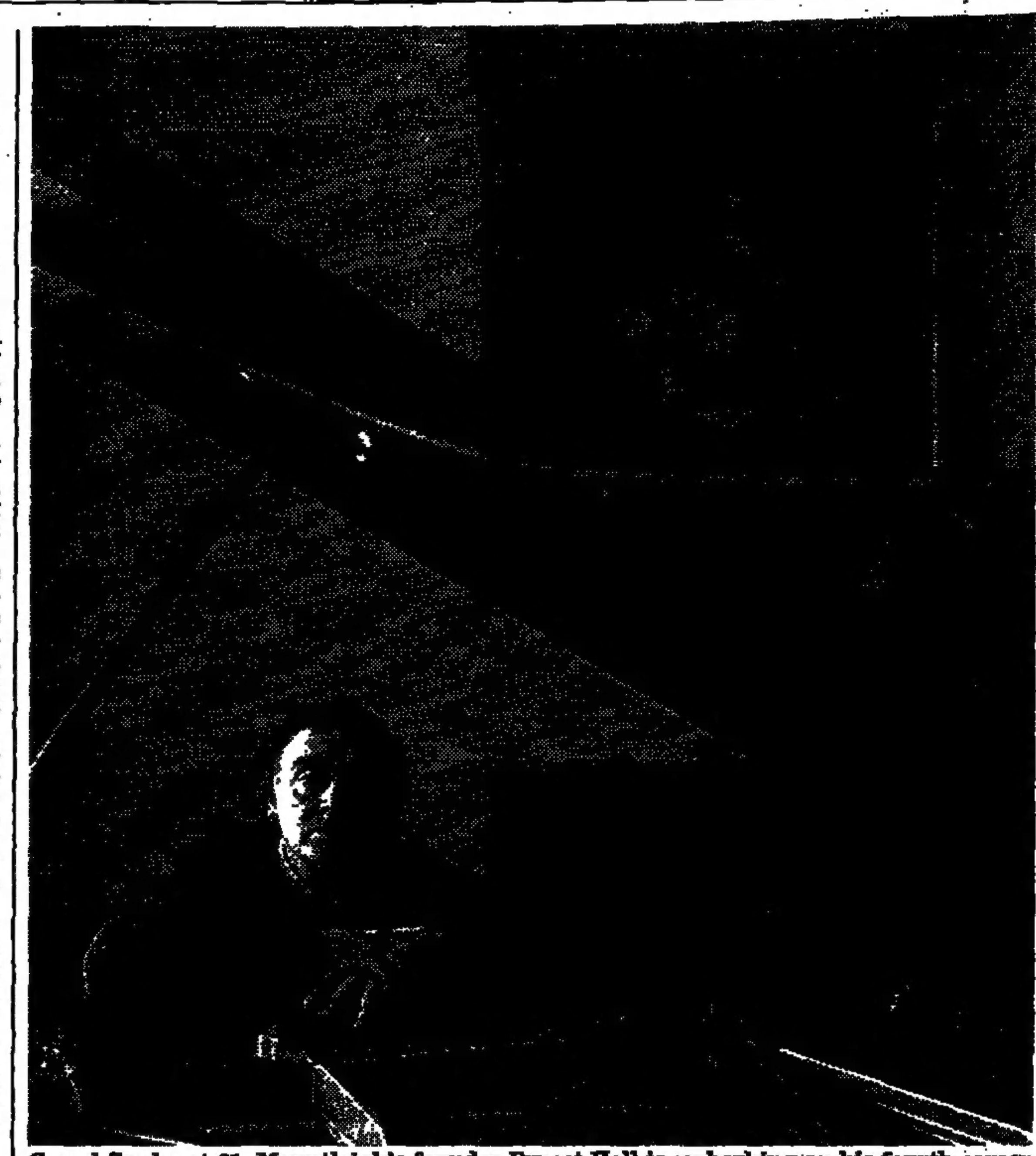
ARGYLL Group, the food retailer that runs the Safeway supermarket chain, has hired an oil trader in Rotterdam to supply its petrol needs.

The move will give the company greater flexibility to buy oil at competitive prices and indicates the increasing strength of the supermarket chains in petrol retailing.

Argyll previously bought its petrol through the big oil companies but they have become increasingly reluctant to supply the large supermarket chains, fearing they are encouraging direct competition with their own outlets.

Safeway entered the petrol retailing market later than rivals such as Tesco and Asda, but most of its newer stores now boast a filling station. By March it will have 30 such stations. Petrol accounts for less than 1 per cent of group turnover but is seen as an important factor in winning custom. Argyll's total sales in its last full financial year were £4.76bn.

A recent survey by Mintel, the market research company, found that the big supermarket chains had increased the numbers of petrol stations from 270 at the end of 1988 to 443 in 1990. Tesco had 115, Asda 93, and J Sainsbury 58. The supermarkets had more than 2 per cent of all stations in the UK.



Grand finale: at 61, Mountleigh's founder Ernest Hall is embarking on his fourth career

Multimillionaire finally finds the keys to success

Ian Hamilton Fazey on a remarkable businessman turned pianist

LIFE is becoming pleasantly challenging again for Mr Ernest Hall, one of northern England's richest and most successful businessmen, who has emerged as a concert pianist at the age of 61.

He would have liked to have done it earlier, but he had to make a living – first as a supplier of fancy woven textiles to London's Carnaby Street in the 1960s; then as founder of the Mountleigh property group; and after that as developer of Dean Clough, a complex of derelict carpet mills in Halifax, West Yorkshire, which has become an archetype of urban regeneration. His fourth career breakthrough came last Christmas when he made his debut with the Halle Orchestra in a series of concerts.

In the spring, he played with the English Northern Philharmonia, the orchestra of Opera North. In the summer it was a Mozart concert with Vanya Milanova, the Bulgarian violinist. He has just recorded another concert for the BBC and is rehearsing Bartok and Ravel for the new year while preparing for his biggest project to date – recording the complete works of Chopin.

As a boy, he had shown early promise as a pianist, performing in wartime music halls, and the Royal Northern College of Music in Manchester followed. But working-class realities at home – his family were weavers in the textile industry in Bolton, Lancashire – meant he had to get a job.

He started in the office of a small, family-owned Lancashire mill, where he became managing director at 27. He borrowed £5,000 to buy shares in the business, eventually bought it out and took on a young assistant named Tony Clegg.

The business grew rapidly by selling its worsted woollen cloths direct to the boutiques of Carnaby Street, breaking the established pattern of marketing through middlemen. Mr Hall took Leigh Mills, a quoted company, and turned it into the Mountleigh property group.

In 1983 he was chairman of Mountleigh and fed up with corporate life. Mr Clegg, his joint managing director, wanted to expand further and, although Mr Hall remained a large shareholder, he gradually sold some of his shares over the years.

He bought Dean Clough Mill, 16 redundant Crossley carpet mills in Halifax, and in nine years has put in £30m – some of it from his retained Mountleigh holdings, some raised in the money markets. Nearly all the 1.25m sq ft of capacity is back in use, and more than 200 companies employ over 3,000 people at Dean Clough.

Because of Dean Clough, Business in the Community (BiC) – the charity promoting corporate involvement in economic and social development – chose Halifax in 1986 for its first experimental one-town partnership where public and private sectors work together on regeneration.

Nearly three years ago, with Dean Clough established and demanding less of his time, Mr Hall stepped up his piano playing to see if he could fulfil his larger musical ambitions. He could afford grand pianos – an improvement on the secondhand upright model his parents bought him for 30 shillings when he was a child.

He earns fees ranging from a few hundred pounds to "well into four figures" which he gives to northern charities.

He is planning a long career. In 1949 the Royal Northern College picked him to play 12 Chopin études at a Manchester concert to mark the centenary of the composer's death.

"My secret ambition is to play the same studies in 2010, on the 200th anniversary of Chopin's birth," he said yesterday. "I shall then be 80 and will be able to say that I have made up for lost time as a pianist."

CBI officer hopeful of recovery

BRITAIN is better placed than any other country in Europe – including Germany – to make a success of 1992, Mr Clive Thompson, chairman of the south eastern region of the Confederation of British Industry, said yesterday in a new year statement.

"The problem is we have too many Jeremiahs," said Mr Thompson, chief executive of environmental and property services group Rentokil. There was talk of the UK going backwards into Europe, and doubts about the economic recovery. "Yet inflation is down, interest rates are down, and there is no other nation in the world with greater stability.

"What we need now is positively to encourage industry and commerce to have greater confidence in the future, invest in training so cutting unemployment, and further improving our economy and standards of living," he said.

● CBI members in the north-west want higher depreciation allowances on plant and machinery and government spending on training maintained in 1992, Ian Hamilton Fazey writes.

In a new year message to members, Mr Harry Tuley, chief executive of Scapa group and CBI regional chairman, says sterling should enter the narrow ERM band soon.

The north-west – the UK's biggest region after London and the south-east – is one of the few areas where manufacturers have not cut training budgets significantly during the recession, Mr Tuley says. Many industrial leaders are on the boards of local training and enterprise councils and are committed to improving their skills base.

Railway explosion ends IRA ceasefire

TRAIN SERVICES between Belfast and Dublin were disrupted yesterday because of a bomb near Newry station, south Armagh.

The explosion just after midnight marked an end to the IRA's 72-hour Christmas ceasefire. Nobody was hurt but the cross-border line between Newry and Poyntzpass was closed while searches were carried out by the security forces.

In Belfast, IRA gunmen fired on troops near the Northern Ireland high court building. There were no casualties.

Labour attacks fuel trade deficit

BRITAIN'S fuel trade deficit is likely to be 22.3m tonnes this year, Mr Frank Dobson, shadow energy secretary, said yesterday. This compares with a 54m tonnes surplus in 1987.

Mr Dobson said: "This shameful deficit is the product of a decade of depletion. Unlike our EC partners, we were self-sufficient in fuel until 1989. With reserves of coal, oil and gas, it takes a perverse genius to get us into this position."

The value of Britain's fuel trade had declined from a £6.132bn surplus in 1985 to a deficit of £740m this year.

Major defends EC opt-out clause

THE prime minister yesterday claimed that social provisions proposed at the European Community's Maastricht summit would have forced part-time workers in Britain to pay national insurance contributions had he not won agreement to an "opt-out" clause.

Mr John Major wrote to Mr Neil Kinnock challenging the Labour leader to support his stand against the measure which, he said, would have meant 1.75m workers paying contributions for the first time.

Baker rejects need for ID cards now

MR Kenneth Baker, home secretary, yesterday said there was no immediate need for the issuing of identity cards to control immigration but it was "the sort of measure we must always keep under consideration".

He said on BBC Radio 4 that the movement of people within the European Community and the world would be the big issue of the 1990s. "People want to move around the world for all sorts of reasons, mainly economic, and there are tremendous pressures building up."

UK NEWS

Fears remain over London office market

By Vanessa Houlder, Property Correspondent

OFFICES rents in the better parts of London have stopped falling, according to Applied Property Research, an independent research company.

But APR warns that this does not herald a cyclical recovery. The huge imbalance between the supply and demand of offices will break landlords' traditional dominance of the market, allowing tenants to demand shorter, more flexible leases.

Mr Geoff Marsh, managing director of APR, said: "A profound change is taking place in the operation of the London office market, which has enormous importance for all companies which operate in that market, in whatever role."

APR calculates that almost 40m sq ft of central London offices is vacant. Contrary to common belief in the property industry, only a third of available space is second-hand space that might be unsuitable for occupation. Just 3m sq ft of new space was let this year.

APR blames rigid leases for the poor take-up, arguing that many occupiers are locked into long contracts. "Conventional lease structures are inflexible and are the biggest single obstacle to getting the letting market moving again."

It calculates that developers have put forward proposals for more than 100m sq ft of new buildings which, if built, would increase the office stock in central London by 50 per cent.

It believes that the majority of these developments will not be built. A maximum of 40 buildings of more than 10,000 sq ft will be started next year. "We all have some serious thinking to do about alternative uses," said Mr Marsh.

His report predicts a wave of mergers and failures for London's commercial agents with between five and 10 of the top 50 London agents gone by the end of next year.

Office rents are back to 1986 and 1987 levels, said the report. Top rents in the heart of the City have fallen from a peak of £65 per sq ft in 1989 to £40-£50 per sq ft for new space. In Mayfair they have fallen from £65 last year to £35-£55 per sq ft.

Rents for poor quality buildings and those in peripheral positions continue to fall. APR estimates that a new office building outside the most central locations will fetch just £15-£25 per sq ft during 1992.

End of the recession in the London office market? Applied Property Research, 97, St John St, London EC1M 4AS.

Manufacturers reject move to casual staff

ADVICE from management experts that organisations should slim down full-time workforces and replace them with casual and part-time staff has largely been rejected in capital-intensive manufacturing industries, according to a study, Diane Summers writes.

A Lancaster University survey of working patterns in 24 paper mills concludes that most employment remains full-time. Labour relations also remain traditional. Most of the mills still recognise unions for collective bargaining.

Other capital-intensive industries such as steel, chemicals and glass are also likely to reject the move towards more casual staff.

The study says that in all these industries quality of output and continuity of production, which are seen as critical to competitive performance, can be achieved only when labour quality is stable.

Changing patterns of work in the contemporary British paper industry. Sociology department, Lancaster University. LA1 4YL. £35.

Hyde Park hospital becomes luxury hotel

THE Lanesborough, London's newest luxury hotel, is due to open for business on Monday in the former St George's Hospital, an imposing 19th century building which overlooks London's Hyde Park.

The 95-bedroom hotel, developed at a cost of £100m, is owned by the Abu Dhabi Investment Authority and will be run by the Rosewood Corporation, controlled by the Hunt family and based in Dallas, Texas.

A listed building, it was the subject of controversy after the hospital closed in 1980. The closure was strongly opposed by health workers, and a group of staff occupied the building.

In 1982 the freehold on the southern half of the site reverted to Grosvenor Estates, its original owner, at a price fixed in 1906 – £23,700.

The government's decision not to contest the covenant under which the reversion took place, led to protests that the taxpayer had lost benefits worth more than £15m.

The first building on the site was Lanesborough House, which was built about 1720 by Viscount Lanesborough, an Irish peer.

It was not his main residence – he was said to have detested commuting so much that he kept a town house even closer to Westminster.

The house was later converted into a hospital for the poor, and the present building – designed by William Wilkins of the National Gallery – went up on the site in 1829.

A hotel was proposed for the site in 1913, and a teaching hospital in 1939, but in both instances the outbreak of war saved the building.

The Lanesborough said it expected most of its customers to be American executives. It denied that this is a brave or foolish time to be opening a new luxury hotel. "It's better than last year. There's no war," it said.

Rooms are £220 a night (double) and £190 (single), with a six-course New Year's Eve dinner for £195 a head.

Picture by Colin Beere

Restaurants take hammer blow

Nicholas Lander sees little interest for struggling licensed premises

THE SETTING at least was right. The large room was festooned with Christmas decorations and there was standing room only. But the list of items that were to come under the auctioneer's gavel reflected the harsh economic climate outside.

Twenty-three licensed premises, hotels, restaurants and pubs from Berwickshire to the Isle of Wight were to be sold on behalf of such unusual practitioners in the art of hospitality as National Westminster and Clydesdale Banks and the receivership departments of Arthur Andersen and Touche Ross.

This auction was held by Christie and Co, valuers who specialise in licensed premises rather than fine art.

Although the auction system is frequently used to find the highest bidder for a single, large, freehold hotel this was the first time that Christie and Co's directors had attempted to bring buyer and seller together on such a scale.

Those who were there could take their pick of nine hotels, nine public houses, four restaurants and one nursing home. But in spite of an enthusiastic auctioneer (who described one restaurant in the Isle of Wight, currently painted pink, as worth at least £20,000 more with a different coat of paint) buyers were reluctant to match the reserves. The only successful bidder at the auction paid £100,000 freehold for a former Whitbread pub in London's east end, which until last week had squatters.

Although slightly disappointing on the day, the auction did yield some results. In the previous week four properties due to be auctioned were sold by private treaty, one to a purchaser who had been procrastinating for six months and eventually paid £20,000 more than the reserve price. A fifth property was sold 20 minutes before the auction began; two more were exchanged after the auction closed, and a further six reasonable bids materialised once the auctioneer had packed away his gavel.

Christie and Co's directors hope this type of auction will stimulate demand. There ars no shortage of suitable premises. A second auction is planned for late next month with 34 properties entered, and a third for the end of February. Christie and Co, which derives its income from commission on completed sales, hopes that this first auction will instill some realism into the market.

The restaurant business certainly needs to find some confidence after what has been a traumatic year. Figures recently released covering those who have fallen into receivership or administration in the hotel and catering trade to November 1991 show an annual increase of over 100 per cent in the past year. Although the actual number in receivership is small compared with those in manufacturing, the percentage increase is the highest of any trade.

Among the most obvious reasons are the recession, the Gulf war, over-borrowing, over-enthusiasm, a lack of professionalism, and a general failure to cut costs and menu prices. This year even that supposed expert, the restaurant critic, has been confounded. No favourable review this year has guaranteed financial success.

Even those with an established record and cash flow from more than one restaurant have suffered. During the 1980s Mr Amin Ali had a beneficial influence on the quality of Indian restaurants in London and owned two himself, the Red Fort and Jamdani. For the past three years he has battled to open the first Indian restaurant in Moscow. Mr Ali had the support of Lord Young when he was at the Department of Trade and Industry; local support from the British Embassy in Moscow; and the backing of a London merchant bank. Mr Ali was so determined he even beat off Pierre Cardin for the site.

But by this summer, after spending more than £250,000 of his own money, he was overtaken by politics in Moscow and the recession among his former media and advertising clientele in London. The cash flow in his original restaurants was so badly threatened that by late November he was forced by his banks to sell Jamdani to former students of Mr Raymond Blanc. Financially, Mr Ali is back to where he was eight years ago.

Many suppliers to restaurants and hotels have also suffered. Most are waiting an average of three to four months for their invoices to be settled but those who were supplying Town and County, the outside catering company which held the contract for the Wimbledon championships and operated the Belvedere restaurant in Holland Park, London, which opened in July, are not so lucky.

Although the restaurant is still operating, and Town and County has now been bought by Forte, the holding company's demise has left one wholesale butcher with debts of £140,000, two fruit and vegetable suppliers owed £80,000 and £35,000 respectively and a fish merchant chasing £18,000 in unpaid invoices.

Although Mr Andrew Whiteford, director of the restaurant division at Christie and Co, has been busy since the first auction was mooted – more than 12,500 catalogues were sent out to interested buyers – he believes that the bottom of the market may still be two to three months away.

While Christmas could provide a lifeline for a number of hotels and restaurants throughout the country, if takings do not improve quickly Mr Whiteford expects his telephone to be even busier in the new year.

Nevertheless the auction did reveal that in spite of the trade's financial suffering this year, there is still a sense of humour. Introducing Lot 11, a large hotel in the Midlands, the auctioneer explained that the receivers, Touche Ross, had stipulated a condition of sale: the buyer would be obliged to provide the receivers with overnight accommodation from time to time free of charge.

There was not even a single bid.

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Still more cold turkey

MOST FINANCIAL market players around the world will have spent this week taking a well-earned rest. The unexpected combination of a full percentage point cut in US interest rates and a ½ percentage point rise in German rates certainly livened up the last few working days before Christmas. But the markets can expect further storms following this Yuletide lull. The full effects of these divergent trends in world interest rates will take months to blow themselves out.

Indeed, the turbulent state of America's domestic economy has continued to reverberate around global equity markets this week. The Dow Jones Industrial Average has gained more than 5 percentage points since last Friday, dragging London and Tokyo with it. The FT-SE 100 index closed up 1.2 per cent on the week, although it failed to recover the losses of the week before. The Nikkei, by contrast, stands 3.9 per cent up on a fortnight ago.

It would be a mistake to read too much into this flurry of stock market activity. Trading around the world was light. Yet it would also be rash to dismiss last week's market movements as mere Christmas frivolity. The policy moves of the previous week, combined with some economic news, will affect the outlook for the world's economies in 1992.

Wall Street certainly needs some good news. The ratio of US share prices to corporate earnings is now only slightly below its peak before the 1987 crash. Yet the markets appear to believe that the latest interest rate cut will revive US corporate earnings. The bleaker interpretation is that Mr Alan Greenspan has cut the US discount rate to its lowest level since 1964 because he now genuinely believes there will be a *double-dip recession*.

Political pressure

Alternatively, he may have cut rates to head off the political pressure for a fiscal growth package. The danger is that a deficit-raising fiscal boost could actually depress activity by pushing up long-term interest rates.

Whether monetary policy alone can make sufficient difference remains doubtful. The discount rate has been cut six times since last December, *with little impact on consumer* spending. But there are encouraging signs. Growth of the monetary aggregates are beginning to pick-up while orders for durable goods in November unexpectedly rose by 1.2 per cent.

The problem for policy-makers in the US, Japan and the UK is that both the personal and corporate sectors remain weighed down by the high levels of debt which they accumulated during the late 1980s. Consumers, companies and banks are using interest rate cuts to repay debts and rebuild balance sheets.

Mr Bush, at least, appears to have a pliable central bank. The Bank of Japan remains convinced that the main threat to the Japanese economy is inflation, not recession, despite increasing signs that the economy is slowing faster than expected. He will certainly argue the case for lower Japanese rates during his forthcoming trip. Sadly, the latest rise in Japan's trade surplus provides a ready stick with which to beat Japan's politicians – all for domestic US consumption, of course. But domestic economic weakness will justify Japan's compliance.

Less understanding

At least Japan's central bank is moving (slowly) in the right direction. The UK's effective central bank is being far less understanding. The Bundesbank's decision to raise German interest rates could not have happened at a worse time for Europe's recession-weary economies. Almost every member of the European exchange rate mechanism has been forced to follow Germany.

The rest of Europe is paying *for its own past intransigence*. Eighteen months ago, an *upward realignment of the* D-Mark might have stifled Germany's *inflationary problem*. Instead, they accepted a gradual closing of their interest rate differentials with Germany. Now Europe has little choice but to grin and bear it. Any upward realignment of the D-Mark could well mean higher rather than lower interest rates.

Only the UK has so far resisted an *increase in interest* rates. But the combination of *high rates* and *slow growth* is hitting the UK economy harder than most. Britain has a greater debt over-hang than the US, Japan or its European partners. Moreover, slow global growth has brought the UK export revival to a halt. Export volumes, excluding erratics, fell by 1¼ per cent in the three months to November, compared to the previous three.

Not surprisingly, the UK eco*nomic recovery*, loudly heralded by some commentators at the end of the summer, has failed to materialise. If anything, output is still falling. Yet with sterling just 1¼ pfennigs from its effective ERM floor, the UK faces a nervous start to the new year. The next move on UK rates is still more likely to be up than down.

Edward Mortimer on the makings of a new debate on social organisation dominated by population, the environment and technology

Familiar novelties in a future order

"My dear," Adam is said to have explained to Eve as they left the garden of Eden, "we live in an age *of transition*."

Human beings, since as far back as we know anything of their sentiments about the world around them, have been acutely sensitive to change. *Panta rei kai ouden menei*, wrote Heraclitus. All is flux: nothing stands still.

Each generation tends to believe it *is discovering a new world*, unknown to its parents, and that the world it is handing on to *its children* is profoundly different from the one it grew up in: different, and usually worse.

Lucretius, who believed that the world had been wound up by the gods *a long time ago* and was gradually running down, produced a telling piece of *evidence to support his argument*. Ask any countryman: he will tell you how much harder it is to eke a living from the soil than it was in his father's day.

So one should beware. As we approach the end of the second millennium AD, we may be convinced that we live at a turning-point in *world history, but who knows?* Our grandchildren in 2050 may have the same sentiment even more strongly, and may look back on the previous 100 years as a continuum, "the old world order", in which 1991 was no more than a blip.

Two years ago, much ridicule was heaped on Mr Francis Fukuyama, an American political scientist then temporarily employed by the state department, because he claimed to discern "the end of history"; and, indeed, that was a presumptuous phrase, derived ostensibly from a rather idiosyncratic reading of Hegel but partly chosen, one could not help suspecting, with an eye to greater publicity. (If so, it succeeded brilliantly.)

But Mr Fukuyama deserves high marks for bringing out his article in *the summer of 1989*, for it was only the rash of revolutions in eastern Europe later that year, and even more decisively the actual collapse of the *Soviet Union this year*, that reduced his main observation to a banality. *Which is that the ideology of political* and economic liberalism, broadly identified geopolitically with "the west" in the last half-century, no longer faces competition from any coherent global rival. Or, as the Anglo-German sage Sir Ralf Dahrendorf likes to put it, "there is no longer a systems debate".

Mr Fukuyama was able to make this observation when he did because the political upheavals which have occurred since in the former Soviet bloc were the consequence, predictable if not too widely predicted, of a slower but quite visible change in the intellectual realm. In Stalin's time millions of people all over the world *believed* in communism. They had seen *the future and it appeared to* work. Even Khrushchev may have *believed it when he told the west* "we will bury you". But by the end of Brezhnev's *time no one believed this*, perhaps least of all those whose job it was to make communism work in practice. They judged their success or failure by comparison with the west, and sought to justify the continuance of their system by arguments quite foreign to its original spirit, such as the preservation of political stability and social order.

That is still the case in China, though the Chinese leadership – helped, perhaps, by some pre-commu*nist Chinese traditions – has so far* had much greater success than its Soviet counterpart in harnessing the market as an engine of economic growth while keeping the communist superstructure in place as a mechanism of social control. It seems an artificial solution, and one suspects it will not last, in the sense that the lip-service paid to communism will become more and more obviously ritual even if there is no "revolution" to get rid of it at one stroke. The interesting question is whether, in the process, China will produce an ideological alternative to liberal capitalism which could become a new global model – particularly, perhaps, for those numerous Third World countries that are finding the much-touted Japanese/Korean/Taiwanese road to prosperity not only stony and painful but thoroughly elusive. If so, it is going to take time.

Meanwhile, Sir Ralf and Mr Fukuyama are right. There is at present no *"systems debate" dividing the states* of the world from each other; only an

Could China produce an ideological alternative to liberal capitalism which could become a new global model?

enormous tangle of pragmatic arguments about the best thing to do in a given *set of circumstances*, intertwined with good old-fashioned con*flicts of interest. And that is what* made it possible for President George Bush, in the run-up to the *Gulf* war, to proclaim his grandiose-sounding objective of "a new world order". The absence of a systems debate means there is no systematic blockage of international institutions by one bloc seeking at all costs to prevent another from gaining an advantage. These institutions can now be used, as they were designed, for a common attempt to tackle common problems.

Those two closely related new facts – the end of the Cold War and the consequent availability of global organisations for serious work – are the present moment's most obvious claims to be a historical turning-point. It is from them, almost inevitably, that current discussions of the idea of a "new era" begin.

On what one might call the establishment side, for instance, a conference was held at Ditchley Park in November on "world wide security: *the quest* for a 'new world order'" – the object being, apparently, to draw *up an agenda for the international* organisations and to recommend ways in which they could be adapted to their new tasks.

On the opposition side – that is, the side of those who, without wishing to revive communism, do not regard the triumph of the west as an unmixed blessing – we find "Paradigms Lost", a collection of essays by fellows of the Washington Institute for Policy Studies (the think tank of what was once the American new left) and its Amsterdam-based sister, the Transnational Institute, to be pub*lished in the new year.* Their subtitle* is "the post-Cold War era".

Yet both these new facts belong to what Marx called the "superstructure" of political institutions and ideas. And it would be wrong to suppose that all Marx's ideas have been consigned to the scrap heap along with communism. His insistence on the primacy of socio-economic factors in explaining political behaviour is still widely accepted, as much on the right as on the left. When we say that we are at the beginning of a new era, most of us feel instinctively that our statement must refer to something beneath and beyond mere politics: to deep forces reshaping our whole way of life, and hence our way of thought.

Thus the Ditchley meeting was reluctant to confine itself to "security" issues in the traditional sense, or to tinkering with the UN and its specialised agencies. Many of those present felt that the novelty of the new world order must amount to *more than that. Somewhat similarly*, the IPS-TNI volume devotes only half

The absence of a systems debate means that blocs are not systematically trying to manipulate international institutions

of its 12 essays to "global politics and security", the other half being taken up with "development, people and ecology". There is a strong sense that *these are the real issues of the new* era, while politics and security are *just the baggage of the old.*

So what are these deeper novelties? The first thing that will probably strike you about them is that they are not as new as all that. But don't dismiss them on that account. It is the very nature of deep social change that it does not happen overnight. It lacks the immediate drama of its political counterpart; or, to put it another way, it is in the political realm that the most *spectacular* consequences of social change are eventually felt. So long as we wish to observe what is going on in the socio-economic structure, as opposed to the political *superstructure*, we must content ourselves with a more leisurely timescale – or at *least one* that seems leisurely, until the magnitude of the changes we are describing is *grasped*.

● So the first of those changes already seems quite a *hoary old chestnut*: the world population explosion. It has been on the agenda as long as I *can remember*, i.e. since the 1950s. But the projections made now are, if anything, even more alarming than they were then. In 1950 there were 2.4bn people. There *are now* 5.3bn, and on the most optimistic assumptions the curve will not level out, *towards* the end of the next century, at much less than 15bn. Not everyone agrees that *this* is a problem; but that it constitutes a highly significant change seems *indisputable*.

● Next, almost equally familiar and obviously related to the first (though *not necessarily* in a simple way) comes the depletion of the earth's *non-renewable* resources, mainly by human consumption or destruction. Again, some say *this is less of a problem* than is made out, that forecasts of natural resources have always erred on the pessimistic side; that human beings always underrate their *own* resourcefulness and technical ingenuity. Maybe so. What seems *hard to dispute* is that this issue is moving up the global agenda fast, and may well come *to dominate* it in the course of the next decade.

● Meanwhile technology is transforming our lives in other ways. Many commentators have related the demise of communism to the development of information technology, which seems to make the manipulation of public opinion by a single authoritarian centre more difficult (or, if you prefer, makes it hard for states to halt the flow of information and ideas at national frontiers), while a computerised industry requires the development of a more highly educated and enterprising workforce which is likewise more resistant to political manipulation. One speaker at Ditchley actually spoke of an "information technology revolution", only the second in his view since the neolithic discovery of writing – and more important, therefore, than the invention of printing. Yet *some* say information technology is already old *hat*, and that it is from biotechnology that we must expect really revolutionary changes in the years ahead.

● Again related to the last, and moving back up to the point of junction between *structure* and superstructure, there is the worldwide reappraisal of the role of the state. Communism, it can be argued, was only an extreme version of the prevailing 20th-century view that society can be *improved* by planning and state intervention; similarly, its demise is only *the most dramatic consequence of the* general *retreat* from this view, and the *rehabilitation* of individual initiative and Adam Smith's "invisible hand" (the profit motive) as the only *reliable* instruments of amelioration.

We have here, perhaps, the makings of a new "systems debate". On one side will be people whose confidence in the invisible hand is undermined by their fear that unchecked population growth and resource depletion will soon render the planet uninhabitable. On the other will be those who too readily dismiss such fears, *lest they become the pretext for a new* interventionism which will once *again stifle individual initiative* and condemn the human race to an Orwellian world of stagnation, mismanagement and repression.

And shall we have lived in a "new era"? Let's hope that at least our grandchildren are still around in 2050 to make that judgment in a proper historical perspective.

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Marlboro country, Italian style

At the entrance to a narrow alley in the heart of Naples two young boys lounge against a wall covered with graffiti. *"Hoh dotto,"* one shouts over to me, using the respectful title (*dottore*) customary in Naples. He unzips his jacket to reveal a carton of Marlboro.

He calls himself Beppe and claims to be 15. "I've been picked up twice by the police this week. They are really stamping on us. But they always let you go, *if you let* them take what's on you without a fuss."

Further up the street an old woman has five packets of Marlboro displayed on a stool like tarot cards. "They're mine," she says. "Who can stop me having my cigarettes in front of me?" As a precaution her merchandise has the stamp of the state tobacco monopoly – almost certainly faked in a city with a natural talent for turning out imitation goods and forgeries.

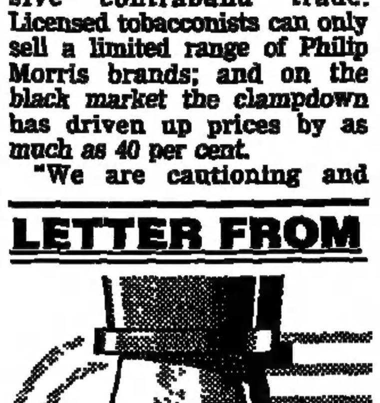
This is Marlboro country Naples style, where even the police admit only one in five packets of cigarettes is sold through licensed tobacconists. According to Col Pastore Palmerini, head of the tenth legion of the Guardia di Finanza, the police arm responsible for fighting contraband in the Naples region, illicit cigarette sales are worth L200bn (£92m) a year.

"Unfortunately, here in Naples contraband cigarettes are regarded as a semi-licit trade," says Col Palmerini. It is a way of life for countless families and is part of the cheerful anarchy of this city.

But life has suddenly got tougher for the army of cigarette sellers and the criminal gangs behind the trade. The piles of cartons normally seen on benches in side streets, or the youths who pester motorists at traffic lights with packets of cigarettes, have disappeared. The government has launched an all-out war on contraband cigarettes following an unprecedented month-long ban on the sales of Philip Morris brands in Italy as a sanction for permitting excessive contraband trade. Licensed tobacconists can only sell a limited range of Philip Morris brands; and on the *black market* the clampdown has driven up prices by as *much as 40 per cent*.

"We are cautioning and

LETTER FROM



NAPLES

questioning between 60 and 150 people a day in the street for selling contraband cigarettes," says Col Palmerini. This year so far, *almost 12,000 have been* cautioned in the Naples area, *half the number for the whole* of Italy.

But these are only small fry. The Naples Guardia di Finanza has seized 189 tonnes of cigarettes so far this year, 11 tonnes in the week before Christmas. One such haul came from a truck carrying road-mending equipment and cables. The cigarettes were *ingeniously concealed* inside a hollowed air compressor, others in an empty cable drum. In Italy as a whole, the authorities seized 1,000 tonnes in 1991, 50 tonnes in the fortnight before Christmas.

The bulk of these seizures are Philip Morris brands – genuine ones but made elsewhere in Europe, as opposed to those made under licence in Italy and subjected to the state monopoly's rigid pricing regime. The ban follows an October decree which empowered the finance ministry to impose sanctions on a company if more than five tonnes of seized contraband is found to have been its product.

Philip Morris has challenged *the ban as unconstitutional* and claims it is powerless to *control the ultimate destination* of its legitimately exported *cigarettes. The company also* criticised the state monopoly and the pricing structure which encourages contraband. But with unknowing irony, Philip Morris has distributed in Naples' hotels literature promoting its 1992 prize for marketing competition. The competition, aimed at young executives, proclaims: "Even you can enter the live process of marketing" (sic).

Naples has long been the centre of the contraband cigarette trade; but the nature of the business has altered substantially of late. Ever since the Guardia di Finanza began *invoking the right of hot pursuit*, it has been able to prevent *fast launches* loading from mother ships in the Mediterranean. *This pushed contraband* into the Adriatic, especially to Albania, which can be reached in two hours by fast launches from the Puglia coast and which has become an important conduit for cigarettes *from* elsewhere in Europe. The end of the commu*nist regime in* Albania and the penury of the new Albanian government – *as well as the* civil war in neighbouring Yugoslavia – has created a fertile climate for the Naples "mafia", the Camorra, to increase smuggling. Police reckon 22 Camorra families run the trade.

Before the clampdown the dealers were paying L1m for a 10kg case – which in turn would fetch L3.5m on the streets. Now the price has risen to L1.8m or L2m a case, and the street price of a packet of Marlboro has risen from below L3,000 to L3,500. Distribution is carried out through a *pyramid* of intermediaries, down to street level where the *average profit is L1,000 a* packet. The price incidentally, *rises in the evening and on* Sundays, capitalising on the

Cowboy kids: Children can be tempted to leave school by contraband profits

closure of the official tobacconist shops and the absence of automatic vending machines.

"Now street sales are mainly handled by minors and in the *past three years by non-EC immigrants from north Africa,"* says Col Palmerini. "Unfortunately, a kid can make good money and even be encouraged to drop out of school – and soon they want to muscle in on the ladder of organised crime, and aspire to *become the boss of their area."* The north Africans are mostly illegal immigrants brought over to work in the tomato harvest in the Naples region.

This makes enforcing the law difficult. "We can arrest the minors, but then we have to ascertain who their parents are and where they live. Often they are orphans or give false addresses. If we haven't established their custodianship within 24 hours we are obliged to look after them, which is really beyond our capabilities," says Col Palmerini. It is easier to release them with a warning. Similar considerations apply to illegal immigrants: the *authorities do not have* the means to repatriate them. Ital*ian police this year cautioned* 21,000 people for cigarette con*traband. Only 150 have been* held in custody and charged.

Court proceedings are complex and the Naples courts *have a huge backlog*. Years can go by before sentence is passed and even then the guilty person is normally fined between two and ten times the value of the goods seized. The law is thus no real deterrent.

The state is the big loser. On the cigarettes seized in Naples this year alone, the state lost L25bn in taxes. But with no real threat of sanction and with high unemployment pushing people into the streets, the state has little chance of winning the contraband war.

"The moment we release them (street sellers) and remove their goods, they are back on the street," observes Col Palmerini. "Most of their *stuff they don't carry* with them, it's hidden in a dustbin underneath *a nearby car*, or they arrange with the local grocer to hide it under the vegetables." The police also fear that the street sellers, to recoup their losses, driven by hard times, will switch to selling more illegal drugs.

It would, of course, be too *simple to abolish* the state tobacco monopoly, which is the root cause of the trade's existence. But Brussels has its eye on the monopoly, and the present controversy with Philip Morris could hasten its demise.

Robert Graham

Soviet ethnic unrest could spread to Xinjiang in China, writes **Colina MacDougall**

Contagion from across the frontier

As the tributes to Mikhail Gorbachev poured in this week, one big country alone struck a discordant note. While others praised the former Soviet president's courage and statesmanship, the Chinese news agency Xinhua bitterly attacked him for abandoning socialism and fomenting political chaos, ethnic strife and economic crisis.

The commentary was the latest sign of the growing alarm in Beijing over events in the former Soviet Union which have left China exposed as the only significant communist power. What worries the leadership most is that the disintegration and nationalistic fervour visible across China's borders could seriously affect its own minority peoples, who number only 8 per cent or so of its population but mainly live in sensitive border areas.

The Soviet break-up has caught China on the wrong foot in foreign policy. The keystone of its world view has collapsed – there is no US-Soviet rivalry left to exploit. Relations with the US – a continuous honeymoon from 1979 until the June 1989 Tiananmen Square massacre – have rapidly deteriorated. Disputes with the US over arms exports, human rights issues and trade problems have become more acrimonious.

Still more upsetting, Taiwan's international profile is rising just when Beijing might have expected Chinese "reunification" – following the absorption of Hong Kong and Macao by China at the end of the 1990s – to become a realistic goal. Taiwan's economic success is now being seen in some quarters as a model for developing east European countries.

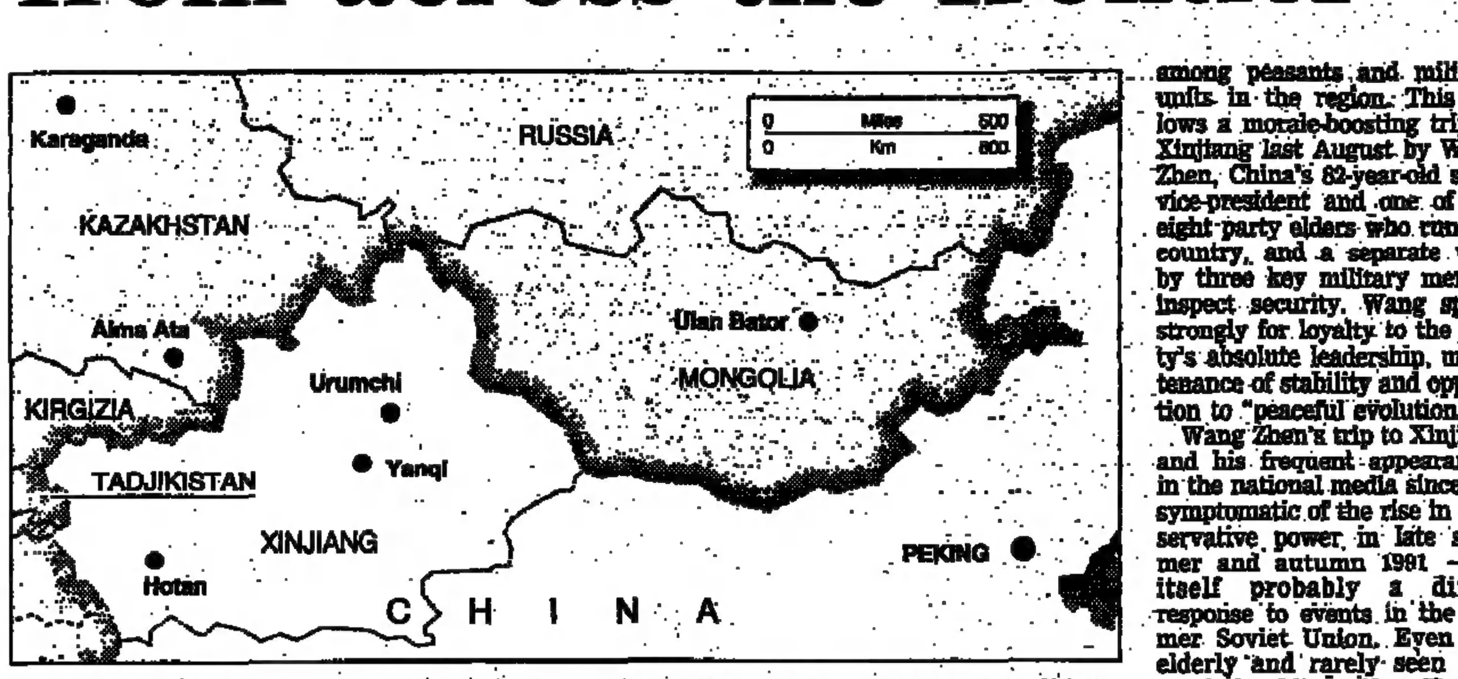
For a few days last August things seemed to look up: China reported the anti-Gorbachev coup with barely disguised glee. The shock was the greater when Boris Yeltsin outfaced the plotters and brought Gorbachev back to Moscow.

China reported without comment Mr Yeltsin's ban on the Soviet Communist party and the personnel changes which followed the coup, but the media hurried to point to the catastrophic state of the Soviet economy and the ethnic turmoil that could follow. Anxiety was intense: the Chinese politburo met immediately to work out a policy opposing "peaceful evolution" (propaganda-speak for the thawing of communism), according to the usually well-informed Hong Kong paper Ming Bao. It also spelled out its opposition to the military's participation in political affairs, underlining fears of instability in the army.

The collapse of the Soviet Union also presages territorial anxieties for China. Beijing now shares a frontier with the Russian federation, under Boris Yeltsin, whom it fears as an unpredictable reformer. Jiang Zemin, China's party leader, refused to see him when in Moscow last July.

Its other formerly Soviet neighbours, the Asian republics of Kazakhstan, Kirgizia and Tadjikistan, border the highly sensitive western region of Xinjiang where the population – only 40 per cent ethnic Chinese – includes (besides 6.6m Uighurs, a people of Turkic stock) many Kazakhs, Kirgiz and Tadjiks. All these could potentially trouble Beijing if inspired by nationalism from across the frontier.

The disintegration has left China uncertain who to negotiate with over border questions. Improved relations with the Soviet Union after Gorbachev came to power originally meant greater willingness on both sides to reduce their forces and agree border definitions. A pact on an eastern stretch of the frontier was signed during Jiang Zemin's visit to Moscow last summer.



Now the negotiating process has ground to a halt.

As Kazakhstan is one of the four Soviet republics with strategic nuclear weapons (Russia, Belorussia and Ukraine are the others), Beijing's concern to see these under centralised control must be at least as great as that of the US.

These anxieties are reflected in a new, tighter policy in Xinjiang. Beijing was already concerned to improve control after the outbreak of a small but bloody revolt there by Islamic separatists in April 1990, and in July 1991 a top party meeting in the region approved an increase of nearly 50 per cent in funds for the local government-controlled militia.

Ethnic tensions are endemic in this huge desert and mountain region from which marauding tribes have through history threatened the Chinese empire. In the 1930s the local warlord appealed to Moscow for help in putting down an insurrection, and Russian troops marched in. In the 1940s, they even helped to set up an independent state, the East Turkestan Republic. Exiled Uighurs in Turkey dream about reviving it.

Now intensive indoctrination campaigns are in progress among peasants and military units in the region. This follows a morale-boosting trip to Xinjiang last August by Wang Zhen, China's 83-year-old state vice-president and one of the eight party elders who run the country, and a separate visit by three key military men to inspect security. Wang spoke strongly for loyalty to the party's absolute leadership, maintenance of stability and opposition to "peaceful evolution".

Wang Zhen's trip to Xinjiang and his frequent appearances in the national media since are symptomatic of the rise in conservative power in late summer and autumn 1991 – in itself probably a direct response to events in the former Soviet Union. Even the elderly and rarely seen economic hard-liner Chen Yun – who first said the Chinese economy should fly like a bird, but in a cage – has appeared regularly in the media since last spring. By contrast, Deng Xiaoping, the 87-year-old architect of economic reform and China's supreme ruler, has not been seen for months.

If Deng makes his last exit soon, he will leave China riddled with uncertainties and caught between warring but finely balanced factions. Last November's central committee gathering suggested the hardliners were just on top but meeting tough reformist opposition. Three promotions to the politburo were due to take place, of conservative planner Zou Jiahua, tough army man Yang Baibing and the reformist ex-mayor of Shanghai, Zhu Rongji. The conservatives blocked Zhu Rongji's promotion and were powerful enough to stop a promised statement on former reformist party leader Zhao Ziyang, outlining his mistakes but absolving him of crimes. But they could not get their own appointees, Zou Jiahua and Yang Baibing, on to the politburo.

Instead, according to the official communiqué, the meeting dealt only with agriculture. This is a key topic since millions of starving peasants would represent the gravest threat to any regime. But the stress fell on collective activity and the role of the party, rather than production, a clear indication of the domination of policy by the conservatives.

For many in China the conservative philosophy (combined as it currently is with some economic liberalism) seems to provide security in a shifting world. Changes will come more slowly in the People's Republic than in the Soviet republics, if they come at all. Yet it is hard to believe that events across the border will leave China untouched.

An endangered species

Vanessa Houlder on the threat to Smithfield market

As dawn breaks over the largely deserted dealing rooms and trading floors in the City of London, one of the Square Mile's most traditional markets is at its busiest.

Under the Victorian canopy of Smithfield market, carcasses are humped from pantechnicon to meat hook; haunches of meat are sawn and weighed and the joints are heaved in wooden barrows across the sawdust-covered floor.

Now that the fish traders and fruit sellers of Billingsgate and Spitalfields have moved, Smithfield is the last non-financial market in the City. But the future of this pocket of Dickensian London is in doubt. New directives from Brussels will either reform it out of all recognition or close it completely.

After years of debate about Smithfield's future, matters came to a head this month. The meat traders have locked horns with their landlord, the Corporation of London, over a planned refurbishment which would bring the market up to EC standards. Unless agreement is reached, Smithfield will go out of business in a year.

It is not alone. Across Europe, meat markets are being dragged into the late twentieth century. But nowhere have EC standards clashed with tradition as much as at Smithfield. There has been a cattle market on this site, originally known as "Smoothfields", since the middle ages. The existing market inhabits an elegant listed building, designed by Sir Horace Jones in 1868.

The participants in the dispute also have long histories. They are the aldermen of the Corporation of London, the Commissioners of the Crown Estates, the wholesalers who have traded at Smithfield for generations and the "bummarees", "pitchers" and "pullers-back" of the Transport and General Workers' Union who handle the meat and who pass their jobs down from father to son.

The debate about reform has been brought to a boil over new leases drawn up by the Corporation. In return for a £50m refurbishment to bring the market up to EC standards, the Corporation is asking tenants to sign ten-year leases and pay rents of more than £20 a square foot in 1995. They now pay £8 and can give just three months' notice.

Feelings are running high among the traders. "We don't intend to be made an endangered species by a rapacious landlord," says Mr Phillip Andrade, whose family business, David Andrade and Sons, has been in the market for five generations. He expects his costs to rise five times as a result of the new regulations. As well as rent and service charge increases, he has to pay the cost of fitting out the premises and bringing equipment up to EC standards, and at the end of it all, he says, the building would be "inoperable", with too few access points for lorries.

Mr Peter Northall-Laurie, chairman of the Corporation's Central Market's Committee, says he is baffled by the tenants' attitude. He points out that instead of taking profit of some £300,000 a year from the market, the Corporation will have to subsidise the refurbished market, initially by £1m a year, from its private funds.

Mr Norman Wood, clerk and superintendent of the market, says he doubts the Smithfield traders will be put at a disadvantage by their increased costs. At a time when the entire meat industry is upgrading its standards, the costs will have to be passed on to the consumer, he says.

But even if a compromise is reached, some old-timers at Smithfield are likely to give up rather than face a completely changed world. Instead of the cheerful free-for-all that exists at present, the refurbished market may have a rather clinical atmosphere.

If Smithfield is to undergo such a radical overhaul, why not start afresh in a new building, on a new site? This option is favoured by many traders, although the Corporation is categorical that the market will stay where it is.

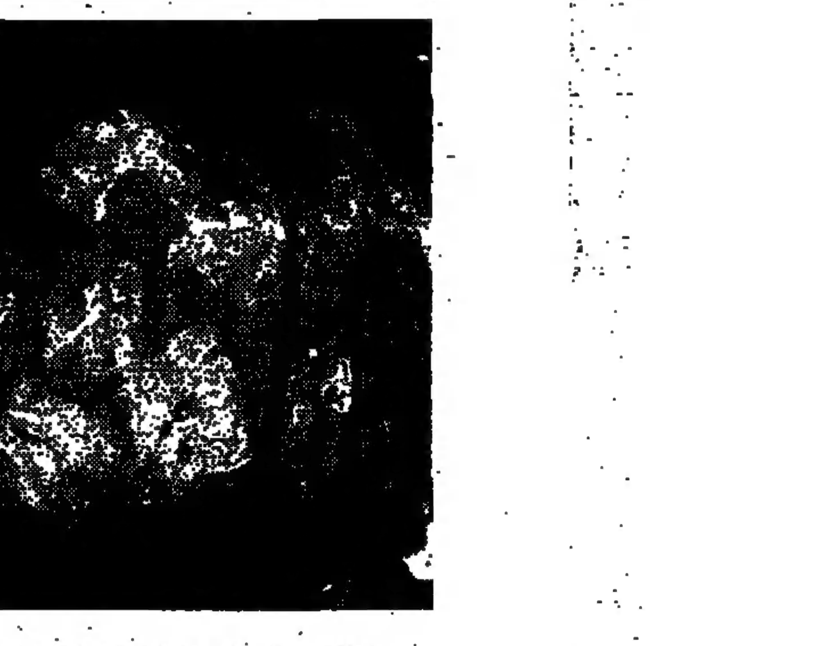
A move would be expensive, costing some £106m, it says. Moreover, it has been difficult to find a suitable site. The tenants identified six potential sites, from Heathrow to Beckton, but the Corporation felt none of them were as well placed to serve London as Smithfield.

In addition, time is against the Corporation. Smithfield's Royal Charter would have to be overturned by an act of parliament before the market could close. It is most unlikely the bill would be passed and the new market built by December 31 1995, which is the deadline for the enforcement of the new EC standards.

Another minor but bizarre twist in the Corporation's deliberations is provided by a royal connection: the Crown Estate claims to own part of the Smithfield site. The claim, which dates back centuries, comes to court on February 24; since the Corporation can continue to use the area as a market even if the Crown wins its case, that could provide an extra incentive to keep the market where it is.

Yet another factor weighing against a relocation is the slump in property values, which reduces the attraction of redeveloping the site.

Perhaps making a virtue out of a necessity, the Corporation argues that traditional industries like the Smithfield meat trade add to the variety and life of the City. But critics think that the Corporation is deceiving itself in believing that there is any future for a London meat market. At present, Smithfield handles 5,000 tonnes a week, equivalent to about 5 per cent of Britain's meat consumption. But increasingly, large butchers and supermarkets bypass the market and buy direct from suppliers.



A tradition threatened: at best, Smithfield will undergo radical change; at worst, it will close down completely

The market's defenders are adamant that it has a future, however. Mr David Lidgate, a butcher whose family has used Smithfield for 140 years, says: "It is easy to write it [Smithfield] off as an anachronism. But I don't think it's had its day. There is certainly a job for it."

LETTERS

Tessa table rewards closest scrutiny

From M.G. Whitehouse.

Sir, The article on Tax Exempt Special Savings Accounts (Tessas) in "Weekend FT" ("One year on, Tessa finds her feet", December 14-15) gives a totally distorted picture of the returns which are currently accruing to investors who have opened Halifax Tessas.

Fundamental to Tessas is that they should reward investors who are prepared to honour a five-year savings commitment. Therefore, to exclude the bonuses accruing at the end of the first year, because they have not been added to the account at that point, is to ignore this essential aspect of the scheme. Logically, you should also have excluded the tax element of the interest, as this is only available to investors after five years.

Halifax Tessa, in addition to the tax-free interest paid, provides a bonus for those who complete the savings period, a further bonus for those who do so by investing the maximum lump sum permitted each year, and there is a third bonus for those who opened a Halifax Tessa after registering their intentions to do so in advance. These bonuses, which are paid on maturity, add up to £337. The proportion accrued at the end of the first year is £95, making, to qualifying investors, the total first year value of a Halifax Tessa £3,480.

The detail in your article asks readers to treat the information as a guide, but, for those who look no further than the table, which is the dominant feature of the piece, it misrepresents the true value to the committed saver of the Halifax Tessa. The table appears complex, does not invite close attention, and gives the impression that the Halifax Tessa is fourth from the bottom of a league table which covers two columns. On close inspection, one finds that the bottom of column two follows the bottom of column one.

In summary, I feel that you have given your readers a less than accurate picture of the Tessa market. In particular, a misleading impression is conveyed to Halifax Tessa customers. These investors will be reassured to learn that their investment is secure and is earning a very competitive return.

M.G. Whitehouse,
Operations director,
Halifax Building Society,
Trinity Road, Halifax,
West Yorkshire

The quest to avoid conflicts of interest must be keenly pursued

From Mr Peter Milne.

Sir, I enjoyed John Plender's "Search for safe places to do business" (December 16).

He is surely right that nobody can do much about greed but something can and ought to be done about conflicts of interest.

As far as accountants are concerned it should be straightforward to require that the auditor should not be allowed to provide other services to a company.

There is also an argument for auditors not being permitted to serve more than, say, a five-year term with a given plc.

How about other professions? The post Big Bang integrated houses which offer the roles of corporate adviser, market maker, broker and fund manager look the most exposed to problems arising from conflicts of interest.

They would have to argue that "Chinese walls" and compliance officers ensure fair play, but I wonder how many people, even within such organisations, actually believe that to be so.

Recent events may encourage big companies to review their advisory relationships. Fortunately, most advisory areas possess a good number of firms which remain relatively unplagued by conflicts of interest.

At least some of these considered the integrated option and decided against for precisely those reasons.

Peter Milne,
13, Spenser Road,
Harpenden,
Hertfordshire

Treuhand figures may give rise to a misleading and negative impression

From Mr Ian Zilberkweit.

Sir, I read the article by Leslie Collit ("E Germany faces bleak winter, warns Treuhand", December 14) with great interest, but some of the figures quoted may give an unduly negative impression of the situation in the new Länder in Germany.

The claim is made that only "8 per cent of the Treuhand's more than 6,000 still unsold companies" are still viable. This figure was, I believe, drawn from a study conducted by George Akerlof *et al* at the University of California in Berkeley. In this study they attempted to estimate the viability of east German companies based on the 1990 records of the ex-GDR.

The following points should be considered with regard to the figure:

● It refers to the entire east German economy and not to the "left-overs" after, to date, about 4,000 privatisations.

● It is derived from a study, based upon unreliable ex-GDR data, which do not take account of the actual viability of east German manufactured goods under world market conditions. The fact that nobody would want to buy a Trabant car (or would be allowed to by environmental legislation) even for DM1 was not taken into account.

● Finally, it does not (and could not) take account of the massive direct investment and subsidies provided by the Federal Republic.

The figure of 8 per cent is therefore no longer applicable (if it ever was). The complexity of the work the Treuhand is undertaking, in order to resolve which plants among the 10,000 or so companies now left are viable and where privatisation is possible and/or subsidies appropriate, prohibits making any reliable estimates of the productive capacity that will remain once the storm has passed.

In particular, current moves to transform the Treuhand's objectives from those of a holding company with privatisation objectives to an entity with industrial objectives and an industrial policy makes any estimate unsafe. We might not see the entirety of east Germany turning into a green field after all.

One further interesting point is that as the Treuhand sells off "its assets", it actually creates more companies. That is because frequently only isolated production facilities can be sold. Thus the number of companies the Treuhand has on its books has, in fact, risen from the original figure of approximately 8,000 to about 10,000 now, and not dropped to 6,000, as Mr Collit claims.

Ian Zilberkweit,
Brookings Institution,
Washington DC

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

An alternative policy prescription for steering the UK economy toward recovery

From Dr Brendan Brown.

Sir, Yes, even some of the most enthusiastic advocates of the UK's entry into the ERM last year are now having second thoughts about whether abdicating monetary sovereignty to the Bundesbank was such a good idea. Mr Samuel Brittan ("Longer recession here after all", December 19) argues that Emu Stage 3 should be brought forward, thereby cutting short the time during which monetary policy in Western Europe is directed to the aim of price stability in Germany rather than in the EC as a whole.

But surely there must be a better policy prescription for steering the UK economy into an early recovery and away from a great depression than simply working towards advancing the start date for Stage 3 from 1998 to 1996?

Consider one. The UK could summon an emergency EC finance ministers' meeting to discuss a realignment of ERM parities. At this meeting, the UK would propose an immediate 8 per cent devaluation of the pound (its central rate against the DM being lowered to DM/£2.71 from 2.95). The UK would plead the necessity for such a move on the basis of the depth of recession in the UK and the lack of synchrony between the UK and German business cycles. To combat charges of competitive devaluation and to obtain maximum scope to reduce short-term interest rates now, the UK would promise to revise upwards the pound's parity by mid-1993 at the latest, on the assumption that economic recovery would be established. The proposal could mention a notional revaluation to perhaps DM/£2.85, which would occur simultaneously with a narrowing of the band of permitted fluctuation.

If Mr Major obtained agreement from his EC partners on this path, he could indeed claim a meaningful victory, compared to the hollow achievements of opt-out clauses at Maastricht. No doubt tough bargaining would involve the threat of pulling out of ERM temporarily. But the game would surely be worth the candle, not just in terms of economic reward, but also in electoral terms.

Base rates could be cut immediately to perhaps 7-8 per cent, as foreign funds poured into now cheap sterling, on which the risk was one of revaluation rather than devaluation. Mr Major's deal could surely be sold to the electorate for what it would be – the key to a real non-inflationary policy of economic recovery.

No, the climb-down from 2.95 would not be a defeat of policy, but a sensible recognition that the old parity had now more than served its purpose in bringing down inflation. The UK did not return to the gold standard in October 1990. It entered a system of pegged but flexible exchange rates. That flexibility should now be exploited.

Brendan Brown,
Head of research, Mitsubishi Finance International,
6 Broadgate,
London EC2

UK auditors charge more and take longer to report

By Andrew Jack

AUDIT FEES charged to British companies are among the highest in the world and the accountancy firms take substantially longer than the international average to produce the auditor's report, according to a survey of accounting and auditing trends.

The survey, by the US-based Centre for International Financial Analysis and Research, shows that last year UK audit fees stood at their highest percentage of company turnover for six years, but the auditor's report did not arrive until an average of 90 days after the end of the financial year.

Fees were on average 0.028 per cent of the turnover of UK companies being audited, the second highest among 10 countries which disclose the information. Only fees in South Africa were higher (0.031 per cent), while Australia comes third (0.02 per cent).

UK auditors' fees fluctuated between 0.025 and 0.026 per cent in the period 1985-89 – the peak was 0.029 per cent for the 1984 financial year.

They were the highest in any country for companies with turnover above $10bn during 1990, at 0.008 per cent, and the proportion rose to a maximum of 0.179 per cent for companies *with a turnover in the range* $1m-$100m.

The survey showed that UK auditors took 16 days longer than the average of 74 days across 38 countries to produce their reports after the company's year end.

It revealed that only 1 per cent of UK auditors' reports were qualified – which shows disagreement with certain aspects of the company's accounting policies – during the 1989 financial year, compared with 9 per cent in the US and 17 per cent in France.

These findings were based on a sample of 1,431 accounts of companies with turnover of more than $1m. Developed countries generally had higher fees than those in developing countries, with the lowest in Pakistan where the proportion of turnover was negligible. The other countries analysed were Hong Kong, India, Ireland, Malaysia, New Zealand and Singapore.

Another study in the survey, based on more than 22,000 annual reports worldwide, suggests that the Big 6 accountancy firms audit 67 per cent of *companies, representing 86 per* cent of assets or sales. On both criteria, Ernst & Young has the largest share, followed by KPMG, Deloitte Ross Tohmatsu and then Coopers & Lybrand.

Centre for International Financial Analysis and Research, International Accounting and Auditing Trends, 2nd edition 1991. 211 College Road East, Princeton, NJ 08540. US. $295

Wide variations in the amount of information revealed

Andrew Jack on differing worldwide accountancy trends

LARGE UK companies disclose more financial information than their equivalents in the rest of the EC and in the US but less than those in Sweden and Singapore, according to a survey of worldwide accounting trends.

The Bank of Scotland, Imperial Chemical Industries and National Westminster Bank all rank among the top ten companies for financial reporting, but the greatest disclosure is provided by Ericsson of Sweden, research conducted by the US-based Centre for International Financial Analysis and Research shows.

The survey reveals wide variations in the amount of financial information revealed by different types of company, and between different countries.

Most EC member states score lower than the Scandinavian countries, while Luxembourg rates 38th and Portugal 42nd. *However, the picture* may be distorted because there are few very large companies in some of the countries surveyed.

Among financial companies, *the UK has four of the top* seven scores, led by the Bank of Scotland.

But for industrial companies, ICI is the only UK company in the top seven, in a list dominated by Swedish and Canadian companies.

Mr Hugh Young, Bank of Scotland general manager and secretary, said yesterday: "I think we do try very hard to be straight in our accounts.

"It's flattering at a time when the banks are coming under such fire that we are rated highly."

Disclosure generally tends to increase for companies listed on at least one foreign stock exchange, and for those with higher market capitalisation and higher assets or sales (above $10bn).

The survey concludes: "In spite of worldwide efforts by the International Accounting Standards Committee and other bodies to harmonise financial reporting *practices, the form and sub*stance of published annual reports from different countries varies significantly."

The analysis rated the pub*lished accounts of 1,000 compa*nies in 44 countries by the presence or absence of 90 items, classified under seven headings: disclosure of general information, income statements, balance sheets, funds flow statement, accounting policies, stockholders' information, and special items.

It derived an "international financial reporting index" by measuring the proportion of the variables in each category published by each company, and then taking a simple average across the seven categories. Most data was taken from consolidated accounts for the 1990 financial year.

Since many companies provide different levels of disclosure on financial and "non-financial" information, it also separately compiled a financial *index – comprising the* income statement, balance sheet and funds flow statement variables – and a non-financial index to cover the remaining four categories.

Both Prudential, the UK's largest insurance company, and Shell Canada score 100 per cent disclosure for financial information.

Swedish companies rate *most highly for publishing* non-financial information.

HOW COUNTRIES SCORE ON ACCOUNTING DISCLOSURE

Country	Index	Country	Index
Sweden	83	Switzerland	68
Singapore	78	Japan	65
UK	78	Netherlands	64
Finland	77	Spain	64
Malaysia	76	Denmark	62
Australia	75	Italy	62
Canada	74	Germany	62
Norway	74	Belgium	61
US	71	Greece	55
South Africa	70	Luxembourg	44
France	69	Portugal	36

Source: International Accounting and Auditing Trends, 2nd edition 1991. Centre for International Financial Analysis and Research.

TOP TEN COMPANIES WORLDWIDE

Company	Score
Ericsson (LM) Telefon	92
Bank of Scotland	91
Shell Canada	90
Union Bank of Finland	90
Electrolux	90
Saab-Scania	89
Volvo	89
Canadian Pacific	88
ICI	88
NatWest Bank	88

Source: as left.

Small change profit from big-change sale

Hugo Dixon and **Roland Rudd** on how BT's sell-off varied from other privatisations

IN BACKGROUND briefings beforehand, the government made it clear that investors would not make a huge profit out of its recent BT share sale.

But the British public, bombarded with a massive advertising campaign, could be forgiven for expecting the same profits they enjoyed in previous privatisations.

However, since trading began on December 9, the price of the new partly-paid shares have slipped, from the 125p paid by institutional investors, to close at 122¾p yesterday.

Retail investors are still *showing a modest profit on the* 110p they paid, thanks to the 15p discount they enjoyed. But after average dealings costs of £12.50 and, assuming an average retail stake of 400 shares, the profit is at best about £35.

SG Warburg, the government's lead adviser, has being buying back the partly-shares as part of its stabilisation process to create an orderly after*market. It is understood that it* is particularly keen to avoid the partly-paid shares falling below the psychological 120p mark with which they flirted two days before Christmas.

The new share shops which the government promoted with the BT flotation in the hope that they would spread the message of wider share ownership, have so far been rather empty.

Mr Neil Stapley, managing director of NatWest Stockbrokers, one of the share shops, said people were not selling as much as they had done in previous privatisations because the profit was so small. "We have not seen much evidence of investors buying other shares. It may be that they are waiting to see what is left after Christmas shopping."

Institutional investors are *looking at a loss, having paid* 125p. They sold large amounts of stock last week, so helping to drive the price down. One institutional investor said: "It's a function of the market: it's *continued to look soggy.* We have made a loss and it's too bad."

As far as one government adviser is concerned, institutional investors are "big boys" and can therefore put up with their loss. But with an election next year, the disappointment of small investors could have some political impact, advisers admit.

The government has pointed out that 30 per cent of the adult population now owns shares compared with about 5 per cent when it took office in 1979. And it has justified wider share ownership on the basis that it involves individuals *directly in the economic suc*cess of UK companies as well as allowing them to build up capital for their security.

On that basis, say government advisers, the retail investors in BT will be pleased to have bought their shares and will have the added satisfaction of making a modest profit.

Yet, most retail investors are still asking why the BT shares have *not performed better.*

Part of the answer is that the government wanted a low premium to avoid being accused by the opposition parties of selling public assets on the *cheap,* as has happened with virtually every other privatisation. Advisers indicated just before the sale that the government was looking for the shares to trade in the 130p-135p range.

There is increasing evidence, *though,* that the government misjudged the value of the shares by creating an artificial market in the existing BT shares in the run-up to the sale. Warburg warned institutions not to dump their existing shares in advance of the sale in the hope of buying them back on the cheap.

The lower-than-usual volume of share-trading before the sale and the *subsequent* fall in the share price are *prima facie* evidence that the share price was being kept artificially high before the sale, according to telecommunication analysts.

The prospectus, published on November 13, said the allocation policy would favour "bids on behalf of investors perceived to be likely buyers or holders, rather than sellers in the immediate after-market, of shares, and bids on behalf of investors who have not engaged in market activity prior to or during the offer period". That was read as a clear warning to institutions not to sell their shares.

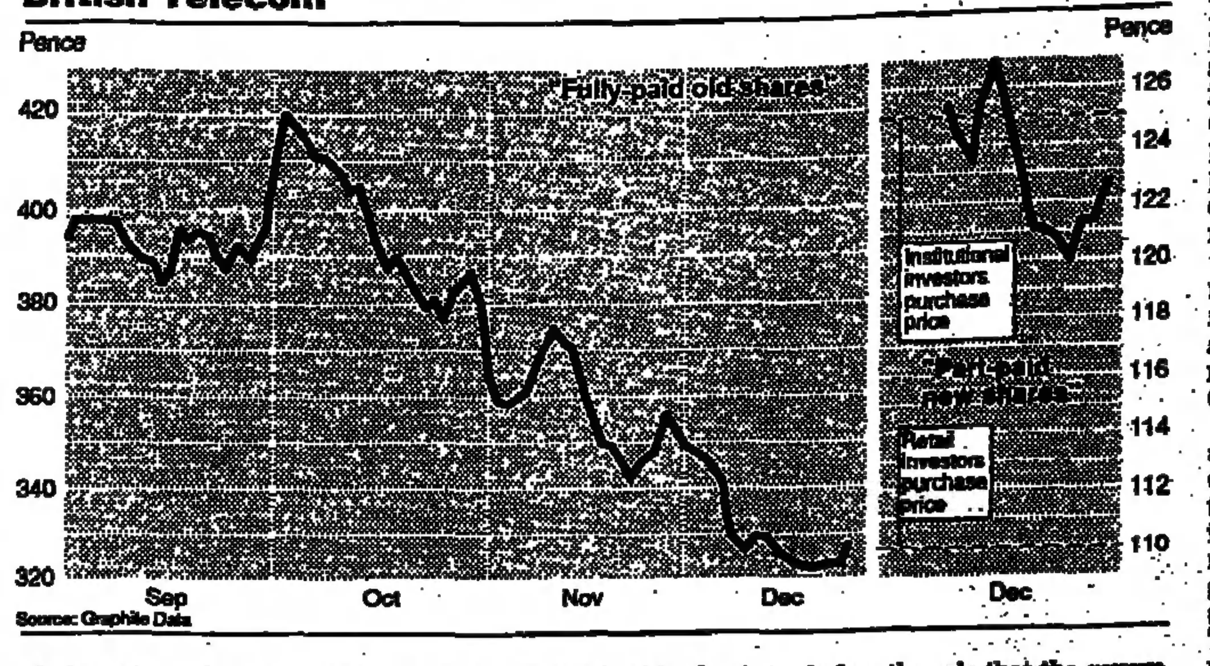
Nevertheless, the government must be glad that it did not sell the shares at the equivalent fully-paid price of 400p or more as it had intended to in October.

Despite Warburg's warnings about share dumping, the price of the old shares fell sharply in the six weeks before the sale as investors took on board the risks of tighter regulation, greater competition and a gloomy economic backdrop. The government's embarrassment, now only mild, could have been severe if the sharp fall in the price had occurred after the sale rather than immediately before it.

The current share price may not even now reflect market realities because Warburg is employing its controversial technique of stabilisation, which involves buying back shares which have already been sold in order to prevent the price falling too rapidly. Government advisers will not say how much stabilisation there has been but the threat of it alone may be sufficient to stop the price plummeting.

Given that most small investors had only known prices going to an immediate large premium, there is some question over whether the BT experience will curb their enthusiasm for wider share ownership.

British Telecom



Source: Graphite Data

Jones & Shipman £2.5m in loss as recession bites

JONES & Shipman, the Leicester-based machine tool manufacturer, fell sharply from profits of £400,000 into losses of £2.46m pre-tax in the six months to September 30.

The company's shares *dropped 6p yesterday to close* at 52p.

Mr Len Weaver, chairman, said: "The great majority of our customers . . . have been severely affected by what is *arguably the worst recession* for several decades.

"Most companies are being forced to retrench and a widespread moratorium in investment in manufacturing facili*ties has resulted in severe* reductions in demand for machine tools, particularly in the UK."

The interim dividend is being omitted – 1p was paid previously but there was no final payment for the year to March 31. A total of 6p was paid for the preceding 15 months.

Turnover slumped to £6.71m (£12m) and the operating losses emerged at £2.11m (profits £739,000).

Mr Weaver said that in the *past 12 months 200 jobs* had gone to reduce the workforce to 543 and that overheads had been cut by more than £1.2m on an annualised basis. More recently there had been a pay *freeze and short-time working* for all employees.

However, he added that the directors were determined to "push ahead" with the corporate development plan and *broaden the company's "prod*uct range through the acquisition of manufacturing rights for complementary products in addition to those recently acquired from Brown & Sharpe in the US".

Losses per share came out at 17.7p (earnings 1.7p).

DC Cook's board altered again

The high turnover of directors at DC Cook Holdings, the USM-quoted motor dealer and property developer, has continued with the departure of Mr Charles Pettingell as managing director, writes Jane Fuller.

He had held the post for just over three months and had been with the company for less than two years, coming in as finance director. He is the eighth man to leave the board since April 1989.

No further comment on Mr Pettingell's departure was available yesterday from DC Cook, which is headed by Mr Derek Cook, chairman and chief executive. Mr Cook and his family own more than 40 per cent of the equity, reduced from 61 per cent before a £4.2m placing of new shares two months ago.

The proceeds were used to cut gearing from 140 to 72 per cent, with net debt reduced to £9.9m.

This has since been pushed up by the acquisition of Norfolk Espana, which develops petrol stations in Spain.

This is similar to DC Cook's roadside development activities in the UK.

Hardanger plan may ward off receivership

By Peggy Hollinger

Hardanger Properties, the troubled retail developer which has had its shares suspended at 65p since April, is offering to repay unsecured *creditors 30p for every pound* of debt.

However, if the creditors do not agree to the repayment terms, Hardanger's tentative rescue package agreed with a *Hong Kong group, Valeroy,* may fall apart and the company could face receivership.

Hardanger claims some £80m in secured creditors – the largest being Barclays, *which is owed more than* £40m. Unsecured creditors are believed to total less than £10m.

A previous rescue collapsed in August when Hardanger failed to sell the properties secured by loans from Barclays.

Valeroy agreed last month to provide a five-year loan facility of £2.75m to Hardanger, conditional on creditors and shareholders agreeing to the Hong Kong group subscribing to a new issue of 22.3m shares. If the conditions are met, Valeroy will hold 75 per cent of Hardanger.

Barclays has not yet agreed to the latest proposals, although the bank said it had *"given the nod all the way through"* negotiations.

Shareholders will vote on the proposals at an extraordinary general meeting on January 8.

Mr Derek Coombs, chairman, holds 20 per cent of Hardanger.

Chelsea ground deadline passes

The deadline for Chelsea Football Club to pay nearly £23m for its Stamford Bridge ground in west London passed yesterday without comment from either the club or its landlord, Cabra Estates.

On November 27, Cabra said that Chelsea had 28 days to find £22.85m after an independent valuation.

To allow for Christmas, the deadline was extended until yesterday.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 28.12.91: Pool purchase price £/MWh	Final Prices for Trading on 28.11.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.18	16.52	16.52
0100	20.27	16.69	18.36
0130	23.66	17.79	19.48
0200	23.66	17.79	19.48
0230	18.95	16.69	18.34
0300	18.74	16.64	18.29
0330	18.40	16.61	16.61
0400	17.09	16.49	16.49
0430	17.08	16.47	16.47
0500	17.05	16.46	16.46
0530	17.07	16.43	16.43
0600	17.06	16.42	16.42
0630	17.06	16.42	16.42
0700	17.06	16.42	16.42
0730	17.08	16.44	16.44
0800	17.06	16.49	16.49
0830	17.08	16.52	16.52
0900	17.11	16.59	18.24
0930	18.03	16.61	18.26
1000	18.61	17.63	19.33
1030	18.40	17.63	18.55
1100	18.61	17.63	19.33
1130	18.61	17.63	19.33
1200	18.61	18.61	18.26
1230	18.61	16.60	18.25
1300	18.61	16.58	18.23
1330	18.08	16.54	18.19
1400	18.08	16.51	16.51
1430	17.08	16.46	16.46
1500	17.08	16.45	16.45
1530	17.09	16.46	16.46
1600	18.62	16.52	18.52
1630	19.59	17.40	19.08
1700	24.54	19.73	21.47
1730	26.00	24.23	26.08
1800	26.00	24.23	26.09
1830	24.54	24.23	26.08
1900	21.19	22.12	23.90
1930	21.19	20.40	22.15
2000	20.42	19.53	21.26
2030	18.59	17.63	19.31
2100	18.62	17.40	19.07
2130	18.08	17.40	19.08
2200	17.09	17.40	19.08
2230	17.08	16.49	16.49
2300	17.08	16.45	16.45
2330	17.06	16.42	16.42
2400	17.05	16.43	16.43

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	103	101	Aberforth Sm. Co's. C Shs.	103	+1	–	–	–	–
–	F.P.	–	61	41	BTR Warrants 1995/96	49	+3	–	–	–	–
–	F.P.	–	143	90	Baillie Gifford Jap Wrrts	110	+6	–	–	–	–
–	F.P.	–	405	405	Bristol Water Non-Vtg £1	405		–	–	–	–
*335	110	–	129½	120¼	British Telecom New	122¼	+1½	13.3	2.6	5.1	10.1
140	F.P.	–	149	140	Burn Stewart Dist	141		R5.0	2.3	4.7	10.9
–	F.P.	–	3	2	Butte Mining Wrrnts	2		–	–	–	–
†	F.P.	–	110	75	Capital Industries 1p	76		–	–	–	–
100	F.P.	–	96	88	Drayton Korea Tst.	88		–	–	–	–
–	F.P.	–	31	20	Do. Warrants	20		–	–	–	–
–	F.P.	–	320	138	Eurotunnel '91 Wrnts.	205	+10	–	–	–	–
100	F.P.	–	101½	87	Fidelity Euro Values	87½		–	–	–	–
–	F.P.	–	23	19	Do. Warrants	20		–	–	–	–
–	F.P.	–	40	27	Fleming Japanese Wrrnts.	28		–	–	–	–
§§235	F.P.	–	285	256	Frost Group	285		u2.0	0.9	0.9	12.2
–	F.P.	–	21	14	Hanson New Warrants	21	+1	–	–	–	–
120	F.P.	–	131	121	Harrington Kilbride	127		R4.5	1.8	4.7	12.9
‡	F.P.	–	25	24	Hong Kong Zero Dv Pf	24½	-½	–	–	–	–
195	F.P.	–	216	190	JIB Group 10p	191		R7.5	1.8	5.2	14.2
–	F.P.	–	4	2½	Lowe (R) Wrrnts	3		–	–	–	–
§§28	F.P.	–	22	17	M & G Income Cap. 1p	17¼		–	–	–	–
–	F.P.	–	66	60½	Do. Geared Units	62	+½	M4.91	–	10.6	–
§§44	F.P.	–	45	43½	Do. Income 1p	44½		M4.91	–	14.7	–
100	F.P.	–	102	96	Do. Package Units	98		M4.91	–	6.7	–
–	F.P.	–	37½	35¼	Do. Zero Div Pf	36¼	+½	–	–	–	–
–	F.P.	–	553	500	Schroder Korea Fund 1c	526		–	–	–	–
–	F.P.	–	80	26½	Do. Warrants	53½		–	–	–	–
50	F.P.	–	54	33	§Simpsons of Cornhill 5p	33		–	–	–	–
100	F.P.	–	102½	100¼	St. Davids Zero Div Pf	102¼	-½	–	–	–	10.2
–	F.P.	–	3½	1½	Willis Group Wrrnts.	3½		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100p	F.P.	–	103p	100p	Barings 9¼pc Non-Cum. Prf. £1	103p	
10p	F.P.	–	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	–	107½	98½	Cambourne Inds. 10½pc Rd. Deb. 2001	107½	+2
100p	F.P.	–	103p	100p	Fidelity Euro. Values Equity Ln 2001	100p	
105	F.P.	–	105	98	Greencore 9.5% Cnv Un Ln Stk 1995	100	+2
310p	Nil	–	91pm	37pm	Inchcape Non-Int. Bearing Cv Un Ln	59pm	+13
100p	F.P.	–	104p	100¼p	NatWest Bank 9pc Prf Series A	101½p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
1	Nil	–	2pm	½pm	Chemex 5p	½pm	
34	Nil	–	5pm	4pm	Cliff Resources	4pm	
12½	Nil	–	5½pm	2½pm	Oceonics	4pm	
148	Nil	–	22pm	10pm	Unichem 10p	22pm	+1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. §§ Unit comprising of 5 Ords and 1 Warrant.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume and retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s).

	Indl. prod.	Mfg. output	Eng. order*	Retail vol.	Retail value*	Unem-ployed	Vacs.
1990							
1st qtr.	109.8	113.3	34.2	120.9	138.7	1,612	197.9
2nd qtr.	111.8	120.4	33.8	121.3	146.8	1,612	191.8
3rd qtr.	109.7	113.6	36.2	120.3	141.4	1,653	165.9
4th qtr.	108.8	115.8	33.9	119.1	176.8	1,778	139.7
October	108.1	116.1	34.8	119.9	146.4	1,765	145.5
November	108.5	114.3	36.9	118.4	157.8	1,769	138.2
December	105.9	114.7	32.9	118.7	201.8	1,842	133.5
1991							
1st qtr.	106.5	112.4	31.8	120.1	149.8	1,987	142.9
2nd qtr.	105.3	112.6	31.4	119.1	147.7	2,230	119.8
3rd qtr.	106.2	112.6	30.8	118.9	148.8	2,418	105.7
January	106.3	114.2	33.2	118.8	135.4	1,892	149.6
February	107.0	112.8	32.7	118.6	136.9	1,989	142.8
March	107.2	113.2	31.8	122.8	144.1	2,081	141.5
April	104.4	112.3	35.1	118.8	148.3	2,174	121.8
May	104.1	112.6	31.7	118.2	145.1	2,241	105.1
June	107.4	112.7	31.4	120.8	145.4	2,299	101.8
July	107.4	113.8	31.2	120.6	152.0	2,369	104.8
August	105.5	112.1	31.9	118.3	147.3	2,435	106.5
September	105.2	111.8	30.9	118.6	149.0	2,457	105.6
October	105.6	111.3		118.9	153.8	2,474	103.5
November				120.3		2,513	108.7

OUTPUT- By market sector: consumer goods, investment goods, intermediate goods (materials and fuels), engineering output, metal manufacture, textiles, clothing and footwear (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textiles etc.	Housg. starts*
1990							
1st qtr.	114.6	121.7	102.5	126.1	129.2	98.6	14.5
2nd qtr.	113.2	124.6	106.9	122.6	125.4	97.4	14.1
3rd qtr.	114.1	122.6	101.6	120.2	123.9	94.9	13.0
4th qtr.	112.3	117.8	101.8	118.9	116.8	92.7	11.4
October	113.9	117.6	102.3	117.8	114.0	94.8	13.3
November	111.4	118.4	101.2	118.8	118.0	92.9	11.9
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1991							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance (£m); current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms of trade*	Reserves*
1990							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1991							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL- Money supply M0, M2 and M4 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; Clearing Bank base rate (end period).

	M0 %	M2 %	M4 %	Bank lending £m	BS inflow £m	Consumer credit £m	Base rate %
1990							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1991							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INFLATION- Indices of earnings (1985=100); basic materials and fuels, wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 18th 1931=100); trade weighted value of sterling (1985=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters cmdty.*	Sterling*
1990							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1991							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Not seasonally adjusted

NEWS DIGEST

Lopex in £4m disposal

LOPEX, the marketing communications group, is selling its wholly-owned market research subsidiary, Research Services, for about £4m.

The purchaser is a subsidiary of Ipsos, the France-based market research group. Consideration will be satisfied by £3.5m in cash on completion, £250,000 on production of audited accounts for 1991 and a pre-completion dividend of £250,000.

If the audited accounts show distributable profits higher than £250,000, the company will be one half of the excess. If distributable assets are lower the company will repay the shortfall on a pound for pound basis.

There *will also* be a *structural* survey of Research Services' premises, and if a major defect emerges Lopex has the right either to remedy the defect or rescind the agreement.

Albrighton in further disposal

Continuing with its debt reduction programme, Albrighton, the USM-quoted building products group, has sold Insuwall to FBC 139 for £500,000 in cash.

For the 12 months to March 31 1991 Insuwall ran up a pre-tax loss of £410,000 from a turn*over of* £2.29m. Net liabilities at the year-end totalled £210,000.

Equity & Law bonus declaration

Equity & Law, the UK-based life assurance and investment arm of Axa Group, has announced the first part of its 1991 bonus declaration.

Its principal features are that reversionary bonus rates on traditional with profits policies are unchanged; an additional reversionary bonus is declared for older life and individual pension policies; and bonus rates on unitised with profits contracts are reduced by 0.5 per cent on life policies and 1 per cent on pensions.

The second part of the bonus declaration will take place in February 1992 and will involve terminal bonus rates.

Games Workshop goes for MBO

Games Workshop, maker of the Warhammer Fantasy Battle, Space Hulk and Blood Bowl games, *has announced a £10m*-plus management buy-out of this privately-owned Nottingham-based games business.

The move occurred after the two owners of the business, established six years ago, decided to retire.

Games Workshop, which achieved turnover of £12.2m for the year to May 1991, is forecasting pre-tax profits of £3m for 1992.

Products are promoted through its own magazine, White Dwarf, and sold in its exclusive chain of Games Workshop stores in the UK, US and Canada.

Equity funding of £8m is being provided by the Bank of Boston, Charterhouse Development Capital, County NatWest Ventures and the ECI Funds, while long-term loans of £2.5m are being provided by the Bank of Scotland.

Publicis has over 92% of Geers Gross

Publicis Holdings has received valid acceptances of its recommended offer for Geers Gross in respect of 12.17m ordinary shares (78.37 per cent). In addition, since the beginning of the offer period, Publicis has acquired 2.1m shares (13.55 per cent) and has also received acceptances awaiting share certificates in respect of 44,787 ordinary.

Publicis therefore controls or has contracted to acquire, subject to provisions, 14.32m ordinary shares (92.2 per cent) in Geers Gross. Publicis will in due course be acquiring com*pulsorily any outstanding* equity.

The offer will close at 3pm on January 15 1992.

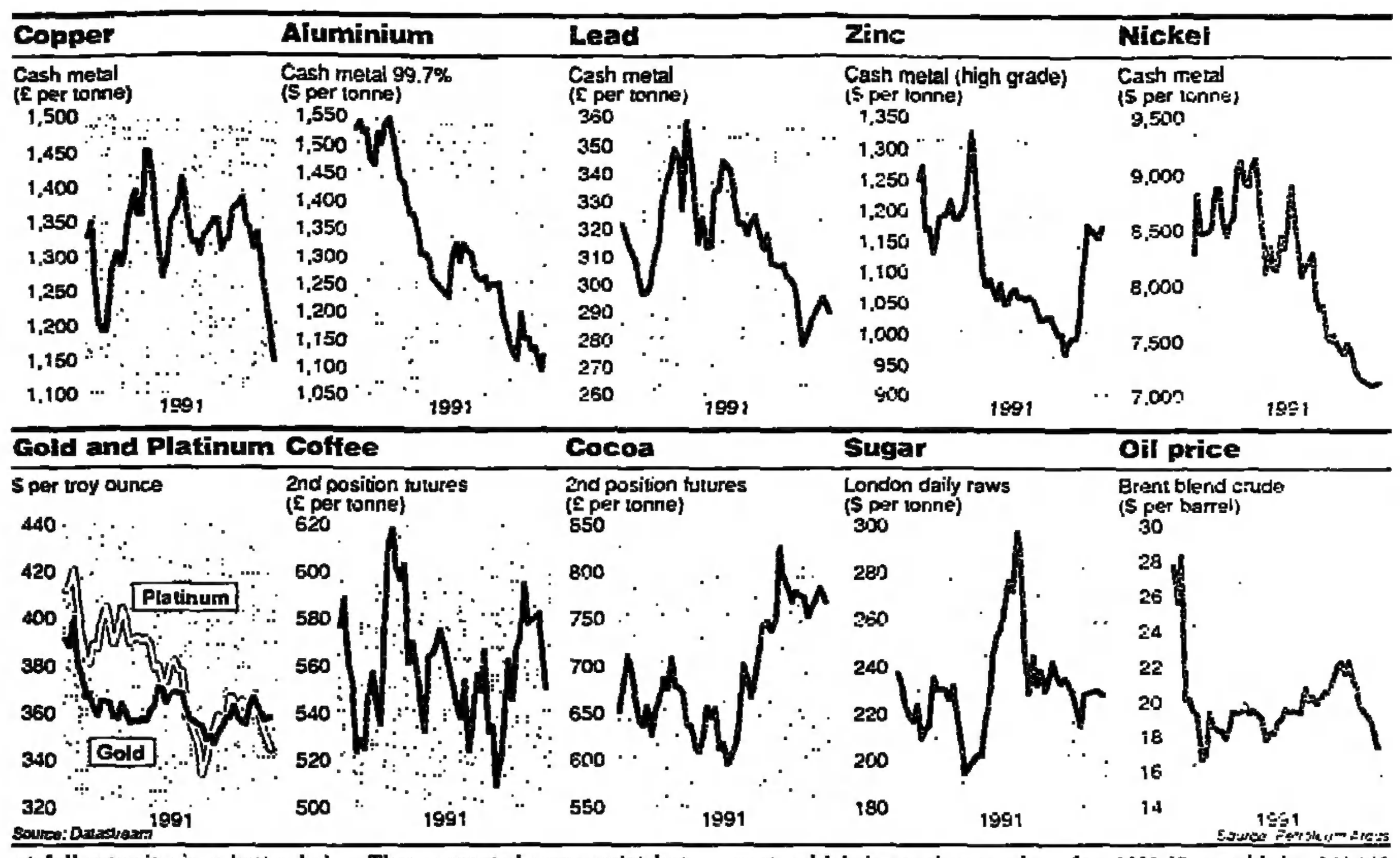
Cookson disposal to Japanese group

Cookson Group has sold Plastribution, its raw plastic distributor, to C Itoh & Co, the Japanese trading house, for an undisclosed sum.

COMMODITIES

YEAR IN THE MARKETS

A year to forget for London's commodity futures traders



BY THE end of the Gulf War early in the year all trace of price gains had been wiped from the oil and gold markets, while the collapse of the Soviet Union has added to the bearish pressure on world commodity markets from the continuing recession.

Once again commodity producers must be wondering just *when the prices they get for* their raw materials will begin a sustained improvement. The close of the year sees most base metal stocks at record highs on the London Metal Exchange, with aluminium setting the pace with an inexorable surge towards 1m tonnes; platinum has failed in its *struggle to stay above the gold* price; warm weather in North America has helped to push crude *oil prices to 10-month* lows; and coffee and sugar prices are finishing the year at much the same depressed levels they were at in January.

Amid the gloom only the cocoa market can offer any reason for guarded optimism as it heads towards the first annual supply deficit for eight years in 1991-92. But in view of the level of world stocks after eight years of overproduction, the *celebrations are unlikely to be* wild.

The precious metals market, *which has seen several false* dawns, reached its peak only a fortnight into the year, when the platinum *price rose to just* above $420 a troy ounce and the gold price closed at just over $400 an ounce. Confounding the forecasts of most pundits, the gold market then plunged on the opening of the Gulf war as the allies swept all before them. Gold appeared to have relinquished its role as a haven for funds in times of trouble.

By the end of February as a swift conclusion to the war seemed certain the gold price slipped below $360 an ounce – the level around which it fluctuated throughout the remainder of the year.

Analysts said at the time that investors had become jaundiced about the yellow *metal so that it reacted to* events just like any other metal. In the past 10 years a multitude *of gold-backed finan*cial instruments, such as gold options, have eroded the importance of the physical gold market and helped to curb the price volatility which used to attract short-term speculators.

Gold producers have also become increasingly proficient at using the complex financial markets to hedge their output, locking in certain profits but taking the steam out of any rallies.

Nevertheless there have been sharp movements, several connected with moves by a *Middle East syndicate operat*ing through the National Commercial Bank of Jeddah. A wave of selling by the syndicate in September helped to push the price on London bullion market, increasingly nervous about the implications of the Soviet Union's break-up, to the year's low of $345.25 an *ounce, the lowest level for five* years.

By October, however, fears that the *Soviet disintegration* would lead to heavy sales of gold were beginning to subside as a respected Soviet economist revealed that after vast sales in 1990, reserves totalled only 240 tonnes, roughly equal to the annual production rate. This figure was greeted with some scepticism, as most analysts had been talking of reserves between 2,000 and 3,000 tonnes. However, the *World Gold Council soon* accepted that figures below 1,000 tonnes for total Soviet gold holdings were credible.

The last rally – to just over $370 – earlier this month was undermined by weakness in the price of silver, now seen as an industrial metal and vulnerable, like platinum, to the continuing recession.

Platinum lost its premium over gold in July as disillusioned Japanese investors decided to take losses on contracts for future delivery. The *price had already plummetted* in May when Nissan, the second biggest Japanese car *maker, said it had developed* an exhaust catalyst which used neither platinum nor rhodium, but the cheaper palladium. Exhaust catalysts are the main use for the white metal. Bearish sentiment was further influenced by soaring exports from the Soviet Union in the first half.

The market hit the year's low of $331.50 a troy ounce in August when industrial disruption ended at Impala of South Africa, which produces nearly 40 per cent of the world's platinum. The price did climb back above the gold price, but it is ending the year at a discount *to gold following this month's* announcement by General Motors of the US of plant closures and heavy job losses.

The gulf conflict, the break-up of the Soviet Union and the continuing industrial recession were also the chief influences on the oil market this year.

The North Sea Brent crude price began at the relatively high level of $26.75 a barrel – though that was well below the $40 reached in October 1990 in the aftermath of Iraq's invasion of Kuwait. An uncertain tone in the first week of January developed into a cautious upward trend with the *approach of the allies' January* 15 deadline for Iraq to begin withdrawing from Kuwait, and as that appeared less and less likely to happen analysts began talking of a return to the $40-a-barrel level, perhaps even $60, after the outbreak of hostilities.

They could hardly have been more wrong, however. The opening shots on January 17 were greeted by a record daily *fall in the Brent price of $8.325* to $20.825 a barrel, and by the time the fighting was over, six weeks later, the price was edging up from what proved to be the year's low of $16.75 a barrel.

The initial sharp decline chiefly reflected euphoria at the allies virtually unopposed early successes. And though hopes of a conclusion "within days rather than weeks" *quickly faded the inescapable* conviction that the eventual outcome was not in doubt allowed attention to refocus on the fundamental supply demand situation, which was undeniably bearish.

Oil stocks held in member countries of the Organisation for Economic Co-operation and Development were at a nine-year high; the US and the International Energy Agency had arranged for stocks to be released to cover supply shortfalls resulting from the Gulf *war; and the world recession* was (and is) still holding back demand for oil.

From the end of the war until early November the overall trend in oil prices was upwards, though very erratically and at a very modest pace.

The absence of Kuwait and Iraq as exporters was allowing other members of the Organisation of Petroleum Exporting Countries to produce flat out without fear of flooding the market; and the problems of the former Soviet Union had been reflected in a substantial fall in exports. But in recent weeks the market has evidently come to the conclusion that even that modest rise was *too much, and the Brent price* has subsided to within 80 cents of the February low.

At the London Metal Exchange the most notable feature of the year has been the dramatic rise in aluminium stocks held in the exchange's registered warehouses. A year ago in this column it was remarked that it was not surprising to see LME aluminium prices at six-month lows in view of the stocks rise that had taken the total from below 60,000 tonnes to a record 315,000 tonnes during the course of 1990. By the same token, therefore, it may seem surprising that a further stock *surge this year to 954,925* tonnes – the highest level ever for any individual LME metal – *has been accompanied* by only a 27 per cent fall in the LME cash aluminium price to $1,113.50 a tonne – about $30 above the recent life-of-contract low.

The explanation is that, while the aluminium market has clearly had a very bad year, the LME stocks figure *paints a somewhat blacker pic*ture than is really justified. Much of the total now in LME warehouses has *merely* changed location – encouraged by a significant expansion in the exchange's overseas warehousing facilities – as falling prices have prompted users of the metal to run down their own stocks. And large amounts of the metal have been shipped to the west from *the cash-hungry former Soviet* Union.

Recent estimates of this *year's Soviet shipments vary* between Metal Bulletin Research's 800,000 tonnes and the European Aluminium Association's "nearly 1m tonnes". The EAA said its figure represented a 200 per cent increase on the 1990 total. MBR projected total end-1991 stocks outside the former eastern bloc at 2.53m tonnes, the highest level since 1984, when it reached 2.77m tonnes.

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	+16,875	to 954,925
Copper	+8,625	to 325,500
Lead	+550	to 128,500
Nickel	+900	to 12,102
Zinc	−1,375	to 156,800
Tin	+390	to 13,680

There is no question, however, that the aluminium producing industry is in a parlous state. Although this year's fall has taken prices to a level where three-quarters of western capacity is operating at a loss, producers have proved remarkably reluctant to close or mothball plants. At the latest count closures totalling about 880,000 tonnes a year have been announced (but not *necessarily yet implemented)* in the past 12 months – equivalent to less than 6 per cent of total capacity.

Aluminium producers' apparent willingness to accept losses in what they hope will prove the short term is probably influenced by their metal's tradition, because of its wide use in consumer durables, of being the first in the base metals sector to respond to economic upturns. But there is also clearly an element of brinksmanship, as producing companies hope that others will grasp the nettle first, leaving them to carry on producing at full capacity in a better balanced market.

They may have a while to wait, however. In a report published this month the *Economist Intelligence Unit* suggested that low aluminium prices were likely to persist for the next two years, causing new smelter projects to be postponed or scrapped and leading to a supply shortage in 1995.

The EIU estimated the average western smelter's operating costs in the first quarter of 1991 at $1,384 a tonne and the total cost, including capital *charges and a 15 per cent* return on equity, at $1,708 a tonne. Those figures compare *with the present LME three* months delivery price of $1,337.25 a tonne.

At first sight the LME zinc market's stocks change over the year looks comparable to aluminium's – up 176 per cent to 156,800 tonnes, having recently reached the highest level since the launch of the special high grade contract in September, 1988. But the difference is that whereas aluminium stocks started the year already at an unprecedentedly high level, zinc stocks had fallen by about 30 per cent during 1990 to an uncomfortably low level.

It was not so surprising, therefore, to see cash zinc at the LME ending less than 7 per cent down on the year at $1,166.25 a tonne.

The cash price had been much higher in the spring, however, when a squeeze on supplies pushed it to a 15-month high of $1,430 a tonne and widened the premium over three months metal (known as the backwardation) to more than $200 a tonne. More alarming was the $60-a-tonne level reached by the one-day backwardation, the daily cost faced by holders of short positions of keeping those positions open.

That prompted some quiet but urgent consultations by the *exchange authorities with* holders of large long positions, and the problem was sorted *out without resort to official* action.

After that the market's bearish fundamentals took over, pushing the price below the psychologically-important $1,000-a-tonne level to a life-of-contract low by the middle of October. Then in early November Cominco, the Canadian metals group, helped the market to break back through the $1,000-tonne barrier by announ*cing that it was cutting refined* zinc output at its big Trail smelter in British Columbia *because of weak demand.* Analysts said at the time that further cuts by other producers would be needed to brighten up the zinc market, but since the Cominco move the cash price has put on more than $170 a tonne.

Prices on the LME copper market were distorted by a technical squeeze for much of the year and that prevented the low reached in January being repeated until this month – in spite of a strong uptrend in LME warehouse stocks and slack industrial demand.

The exchange evidently *found that backroom action*, such as that which ended the zinc squeeze, was ineffective for solving the copper market problem, believed by traders to have been caused by the Sumitomo Corporation of Japan taking control of much of the LME's stocks, which stood at the time at just over 300,000 tonnes. So on December 3 it set a £25-a-tonne limit on the daily backwardation.

That seems to have done the trick. The cash price has since fallen by £187.75 to £1,154.75 a tonne and the £50-a-tonne premium over three months metal has turned into £23.75 discount, which is much more in keeing with the market's fun*damental situation*.

The LME nickel market was another to suffer this year *from heavy shipments from* the disintegrating Soviet Union, which were thought to be largely responsible for a 178 per cent rise on the year in LME stocks to 12,102 tonnes. And with the world economy remaining stubbornly in recession traders see little prospect of an upturn in stainless steel demand sufficient to take up the slack in the market. The resulting price slide has *prompted some producers to* cut production, notably Inco and Falconbridge of Canada, *but so far no appreciable recov*ery has resulted and the cash LME price is going into end-year trading at $7,155 a tonne, 14 per cent down from 12 months ago.

The other LME metals have fared little better. Lead is ending near the year's low, despite the approach of the Northern hemisphere car battery replacement season; and even tin, despite being the only LME market to experience a stocks fall this year (of 34 per cent), is ending marginally down in price.

Of the softs cocoa has the most optimistic outlook as it *heads for the first supply defi*cit in eight years. The first inklings of this put the market into a steady climb from the year's low at the beginning of July, and the London Futures and Options Exchange second position reached a peak of £829 a tonne at the beginning of October. It is the only market to be ending the year with a significant advance, closing yesterday at £766 a tonne, for March delivery, compared with £651 at the end of 1990.

The Gill & Duffus Cocoa Market Report, bible of the market, estimated in September that the production deficit for 1991-92 would be 148,000 tonnes. Nevertheless, world stocks are almost 1.5m tonnes.

The market has taken little notice of moves by the Interna*tional Cocoa Organisation this* year to set up a working party which has been looking with*out much success* at ways forward to a new price-supporting agreement. The International Coffee Organisation, which has set up a similar working party, has had much more effect on market prices, but none the less the second position robusta contract on London Fox closed on Christmas Eve only £28 below the £577 a tonne of January 1.

The high year's high of £619 a tonne was struck in March when Brazil, the world's biggest coffee producer, threw the market into confusion with the announcement that it was suspending export registrations *and seeking renegotiation of* the moribund international agreement. By May the price *was flirting with new lows*, however, as Brazilian coffee policy remained unclear and world supplies were seen as more than sufficient.

Later in the year the usual rallies were seen on Brazilian frosts. Colombia also lifted the market in late summer by suggesting to Brazil a 10 per cent export retention scheme, which quickly foundered at the September ICO talks. As the *ICO delegates left London for* home, the market fell to a 16-year low of £487 a tonne.

The New York raw sugar market has been trading in a narrow band between 8 and 10 cents a lb throughout most of the year. Uncertainty has surrounded the scale of imports by the Soviet Union, *once a big* buyer, as well as the potential for exports from Cuba, once *firmly tied to the Soviet Union.*

David Blackwell and Richard Mooney

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$353.35	-4.90	$386.45	$403.25	$345.25
Silver Per troy oz	208.0p	-0.15	215.0p	280.55	183.35p
Aluminium 99.7% (cash)	$1113.5	+3.5	$1526.5	$1570	$1082.5
Copper Grade A (cash)	£1154.75	-14.25	£1329	£1472	£1169
Lead(cash)	£290.25	+6.25	£322	£382.5	£282.75
Nickel (cash)	$7155	nc	$8290	$9237.5	$7090.0
Zinc SHG (cash)	$1166.25	-6.75	$1253	$1430	$990.25
Tin (cash)	$5577.5	+47.5	$5605	$5915	$5452.5
Cocoa Futures (Mar)	£766	nc	£658	£829	£596
Coffee Futures (Mar)	£552	+2	£575	£619	£487
Sugar (LDP Raw)	$230.5	+1.3	$243.4	$293	$194
Barley Futures (Mar)	£122.50	+0.4	£118.2	£122.95	£107.75
Wheat Futures (Mar)	£129.40	+0.55	£123.15	£141.10	£111.80
Cotton Outlook A Index	61.35c	-0.05	85.00c	86.25c	61.40c
Wool (64s Super)	415p	-2	414p	421p	329p
Oil (Brent Blend)	$17.675x	+0.125	$26.75	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Feb.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.60-4.65q	+0.15
Brent Blend (dated)	$17.70-7.85	+.175
Brent Blend (Feb)	$17.65-7.70	+0.15
W.T.I. (1 pm est)	$18.70-8.75q	+0.05

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$192-196	-3.5
Gas Oil	$165-167	-5.0
Heavy Fuel Oil	$64-65	-2.0
Naphtha	$185-186	-1.5
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$353.35	-6.4
Silver (per troy oz)♣	388.0c	-4.0
Platinum (per troy oz)	$334.65	-5.2
Palladium (per troy oz)	$79.75	-0.50
Copper (US Producer)	101.45	-1.25
Lead (US Producer)	37.0c	-0.2
Tin (Kuala Lumpur market)	14.81r	+0.08
Tin (New York)	258.5c	+0.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	105.66p	-1.33
Sheep (dead weight)†	173.19p	+15.0
Pigs (live weight)†	90.91p	+0.58
London daily sugar (raw)	$230.5z	-1.7
London daily sugar (white)	$273.0z	+0.5
Tate and Lyle export price	£231.5	
Barley (English feed)	£125.5y	
Maize (US No. 3 yellow)	£147.5y	
Wheat (US Dark Northern)	£101.0	
Rubber (Feb)♥	47.75p	
Rubber (Mar)♥	48.00p	
Rubber (KL RSS No 1 Jan)	213m	
Coconut oil (Philippines)§	$570.0t	+10
Palm Oil (Malaysian)§	$385.0t	
Copra (Philippines)§	$Unq	
Soyabeans (US)	£142.5	
Cotton "A" index	61.35c	
Wooltops (64s Super)	415p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Feb. t-Jan/Feb. u-Jan/Mar. v-Jan. z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	196.00	195.00	194.60	192.20
May	193.00	195.00	192.00	186.20
Aug	196.00	193.00	191.80	191.00
Oct	199.00	193.00	191.00	
Dec	199.00		188.00	
White	**Close**	**Previous**	**High/Low**	
Mar	275.5	275.5	275.5	272.0
May	276.0		275.4	273.0
Aug	280.5		279.7	277.7
Oct	262.5		261.7	260.0
Dec	262.3		261.5	260.0
Mar	264.8		263.5	260.1

Turnover: Raw 398 (157) lots of 50 tonnes. White 642 (5)
Paris- White (FFr per tonne): Mar 1460.15, May 1472.57

CRUDE OIL – IPE ($/barrel)

	Close	Previous	High/Low	
Feb	17.68	17.83	17.75	17.40
Mar	17.60	17.78	17.65	17.36
Apr	17.51	17.64	17.54	17.38
May	17.40	17.45	17.50	17.40
Jun	17.40	17.50	17.55	17.40
Jul	17.40		17.45	
IPE Index	17.57	17.47		

Turnover 14850 (4163)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low	
Jan	162.25	166.75	165.00	162.00
Feb	164.50	169.50	166.50	163.25
Mar	164.00	167.25	165.00	162.50
Apr	161.25	163.50	163.00	161.00
May	160.00	162.25	162.00	160.00
Jun	161.00	164.75	163.25	161.00
Jul	163.25	167.00	165.50	163.25
Aug	165.25		166.00	166.50
Sep	167.00		171.00	166.75

Turnover 9026 (3625) lots of 100 tonnes

SPICES
reports Man Producten. Indonesian cassia prices were unchanged. Spot supplies of Madagascan cinnamon were scarce, while shipment supplies were only available for February/March delivery. Chinese cassia lignea was unquoted. Nutmeg and mace prices were unchanged. Commores cloves were quoted at US$1,750 a tonne, ex-warehouse, on the European spot market. Madagascar/Commores cloves for January/February shipment were quoted at $1,450 a tonne, cif Europe. Mexican pimento was costing *$2,350 a tonne, cif, for January/* February shipment from origin

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low	
Dec	735		741	729
Mar	766	775	780	765
May	790	800	802	786
Jul	816	824	828	815
Sep	839	848	846	
Dec	870	879	877	875
Mar	897	906	902	898
May	914		922	

Turnover: 1867 (1720) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne) Daily price for Dec.24 983.36 (973.85) 10 day average for Dec.26 981.94 (979.46)

COFFEE – London FOX ($/tonne)

	Close	Previous	High/Low	
Mar	1014	1010	1015	997
May	1013	1015	1010	997
Sep	1030	1035	1038	
Nov	1045		1050	1046
Jan	1060		1065	

Turnover:722 (131) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.23: Comp. daily 62.11 (61.73) 15 day average 63.21 (63.50)
Sterling close: January £562 . March £ 552

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	121.0	123.0	

Turnover 0 (67) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	121.50	-	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Jan	-	1540	
BFI	-	1494	

Turnover 3 (104)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low	
Jan	125.75	125.75	125.90	125.70
Mar	129.40	129.25	129.40	129.25
May	132.75	132.75	132.90	132.65
Barley	**Close**	**Previous**	**High/Low**	
Jan	119.10	119.20	119.20	119.00
Mar	122.50	122.60	122.60	

Turnover: Wheat 321 (182), Barley 73 (170).
Turnover lots of 100 Tonnes

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	106.7	106.5	106.5
Feb	107.0	107.0	106.5
Mar	107.5	107.5	107.5
Apr	107.5		107.5
May	109.5		108.0
Jun	109.5		109.0
Jul	110.0		107.0

Turnover:21 (30) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx		130.05			
Jan		131.00			
Mar		130.80			

LONDON METAL EXCHANGE 24 December (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 13,156 lots
Cash	1113-4	1111.5-2.5		1113-4		
3 months	1137-7.5	1134.5-5	1137/1132	1137-7.5	1134-5	-
Copper, Grade A (£ per tonne)						Total daily turnover 13,243 lots
Cash	1154.5-5.0	1149-51	1155/1152	1154.5-5.0		
3 months	1182-2.5	1177-8	1185.5/1180	1182-2.5	1182-3	-
Lead (£ per tonne)						Total daily turnover 2,849 lots
Cash	290-0.5	289.5-90.5		290-0.5		
3 months	300-1	300-1	302.5/300	300-1	299-300	-
Nickel ($ per tonne)						Total daily turnover 1,797 lots
Cash	7150-60	7185-95		7150-60		
3 months	7205-6	7230-5	7240/7205	7205-6	7200-10	-
Tin ($ per tonne)						Total daily turnover 884 lots
Cash	5575-80	5545-50		5575-80		
3 months	5625-30	5600-5	5615/5635	5625-30	5635-40	-
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,384 lots
Cash	1165-6.5	1170-4	1167/1166	1166-6.5		
3 months	1111-1.5	1114-5	1115/1110	1111-1.5	1111-2	-

LME Closing £/$ rate: SPOT: 1.8750 3 months: 1.8467 6 months: 1.8194 9 months: 1.7925

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	353.10-353.60	
Opening	355.75-356.25	
Morning fix	356.10	189.314
Afternoon fix	353.30	188.076
Day's high	356.10-356.40	
Day's low	352.80-353.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.66	6 months	3.49
2 months	3.64	12 months	3.38
3 months	3.54		

Silver fix	p/fine oz	US cts equiv
Spot	208.00	390.25
3 months	213.50	394.20
6 months	219.05	398.15
12 months	230.05	406.30

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	353.50-354.50	188.00-188.50
Maple leaf	364.00-365.00	194.00-194.50
New Sovereign	86.50-87.50	46.00-46.50

TRADED OPTIONS

Aluminium (99.7%) (Dec 23)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1000	134	158	2	5
1100	52	82	18	27
1200	11	33	76	76
Copper (Grade A) (Dec 23)	**Calls**		**Puts**	
2100	97	108	17	40
2200	39	57	58	86
2300	11	26	129	153
Coffee (Dec 23)	**Mar**		**Mar**	
500	54		6	
550	22		24	
600	7		59	
Cocoa (Dec 23)	**Mar**	**May**	**Mar**	**May**
750	160	68	36	28
775	154	58	45	38
800	148	41	54	51
Brent Crude	**Feb**	**Mar**	**Feb**	**Mar**
1700				59
1750				
1800	27			

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	353.6	354.5	353.6	352.6
Jan	353.9	354.8	0	0
Feb	355.0	355.9	356.2	353.5
Apr	357.4	358.3	358.5	355.7
Jun	359.5	360.4	360.5	356.5
Aug	361.7	362.7	361.6	361.1
Oct	363.7	364.7	0	0
Dec	365.9	366.9	368.0	365.0
Feb	368.2	369.2	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Dec	331.6	338.4	0	0
Jan	333.6	333.1	335.5	331.5
Apr	334.7	334.7	336.5	332.5
Jul	335.7	336.7	338.0	335.5
Oct	342.2	342.5	343.5	341.0
Jan	343.6	343.9	343.0	343.0

SILVER 5,000 troy oz, cents/troy oz.

	Close	Previous	High/Low	
Dec	385.6	390.0	386.0	384.0
Jan	386.8	390.2	0	0
Feb	387.5	391.9	0	0
Mar	388.6	393.3	392.0	385.5
May	392.2	396.8	395.5	389.5
Jul	395.4	400.0	399.0	392.5
Sep	398.5	403.2	400.0	397.0
Dec	403.6	408.2	405.0	402.0
Jan	405.4	410.0	0	0
Mar	409.2	413.8	412.0	409.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	98.20	97.85	98.85	98.10
Jan	98.70	98.10	98.95	98.40
Feb	99.00	98.30	99.10	99.10
Mar	99.20	98.80	99.50	98.90
Apr	99.00	98.60	0	0
May	98.80	98.45	99.00	98.45
Jun	98.65	98.30	0	0
Jul	98.50	98.25	98.80	98.50
Aug	98.45	98.20	0	0
Sep	98.30	98.10	98.50	98.30

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	18.67	18.50	18.79	18.39
Mar	18.69	18.53	18.78	18.43
Apr	18.69	18.63	18.78	18.50
Jul	18.82	18.82	18.94	18.80
Aug	18.92	18.99	18.97	18.85
Nov	19.10	19.04	19.11	19.10

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jan	5060	5032	5120	4980
Feb	5205	5140	5250	5090
Mar	5250	5228	5290	5150
Apr	5225	5200	5250	5150
May	5150	5100	5150	5090
Jul	5110	5060	5110	5060
Sep	5275	5265	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1297	1328	1332	1295
May	1337	1364	1366	1334
Jul	1369	1395	1397	1362
Sep	1395	1424	1420	1419
Dec	1430	1451	1459	1442
Mar	1461	1488	1486	1486
May	1483	1509	1510	1510
Jul	1506	1529	1530	1530
Sep	1530	1550	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	78.55	78.10	79.20	78.00
May	81.50	80.95	81.90	80.95
Jul	84.05	83.75	84.10	83.60
Sep	86.75	86.20	87.00	86.40
Dec	90.50	89.75	0	0
Mar	93.15	92.45	93.00	92.75
May	95.00	94.40	95.00	94.75

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.00	8.81	9.01	8.71
May	8.84	8.68	8.84	8.61
Jul	8.76	8.60	8.76	8.53
Oct	8.61	8.51	8.63	8.47
Mar	8.60	8.46	8.51	8.48
May	8.58	8.36	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	59.28	59.64	60.28	59.26
May	60.74	61.26	61.75	60.70
Jul	62.00	62.40	62.85	61.90
Oct	63.85	64.25	64.50	63.85
Dec	64.25	64.28	64.60	64.25
Mar	65.47	65.52	0	0
May	66.20	66.23	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	155.95	152.30	157.45	152.70
Mar	156.50	153.60	159.00	153.75
May	156.85	154.30	157.55	154.50
Jul	156.50	154.05	157.80	154.15
Sep	155.25	152.75	156.00	152.50
Nov	145.25	143.55	0	0
Jan	142.95	140.35	142.50	142.00
Mar	142.95	140.85	0	0
May	142.95	140.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Dec 27	Dec 24	mnth ago	yr ago
1592.3	1592.6	1639.5	1714.1

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec 26	Dec 23	mnth ago	yr ago
Spot	112.23	112.16	115.15	122.92
Futures	120.37	120.10	122.54	126.33

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	562/4	564/6	564/6	560/0
Mar	565/4	569/2	569/4	565/0
May	570/6	574/4	575/0	570/4
Jul	579/0	582/6	583/0	578/2
Aug	582/4	585/4	585/4	582/4
Sep	585/0	587/0	587/0	584/4
Nov	587/6	593/2	593/0	587/4
Jan	597/4	599/6	601/0	597/4
Mar	607/0	610/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	18.81	19.06	19.12	18.80
Mar	19.10	19.37	19.45	19.05
May	19.40	19.67	19.70	19.39
Jul	19.56	19.85	19.75	19.56
Aug	19.85	20.10	19.95	19.85
Sep	20.05	20.30	20.30	20.05
Oct	20.15	20.25	20.15	20.15
Dec	20.45	20.55	20.50	20.40
Jan	20.45	20.50	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	176.7	177.3	177.5	176.0
Mar	174.9	174.5	175.6	174.1
May	174.4	175.2	175.2	173.7
Jul	175.8	176.5	176.7	174.8
Aug	176.9	177.2	177.2	175.9
Sep	176.9	176.5	177.2	176.0
Oct	185.5	189.7	190.0	183.0
Dec	191.0	190.5	191.5	190.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	254/2	255/0	255/4	254/0
May	260/2	260/6	261/0	260/0
Jul	265/0	265/4	265/6	264/6
Sep	261/4	261/4	262/2	261/0
Dec	258/6	258/4	259/6	258/0
Mar	265/4	265/0	266/0	264/6
May	269/0	269/0	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	404/6	405/6	405/4	402/0
May	380/2	380/4	381/0	378/4
Jul	340/0	341/0	341/0	339/0
Sep	344/0	346/2	345/6	344/0
Dec	355/0	355/4	356/0	354/0
Mar	359/0	359/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	70.72	70.57	70.77	69.72
Apr	72.02	71.90	72.10	71.02
Jun	68.42	68.35	68.50	67.65
Aug	66.62	66.27	66.70	65.90
Oct	67.15	66.95	67.15	66.25
Dec	68.15	67.90	68.15	67.20

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	39.57	40.10	40.07	39.50
Apr	37.75	38.30	38.00	37.55
Jun	42.87	43.52	43.55	42.80
Jul	43.57	44.02	44.10	43.50
Aug	42.77	43.12	43.00	42.65
Oct	40.42	40.45	40.50	40.30
Dec	43.15	42.90	43.60	42.75
Feb	43.85	43.55	44.50	43.75

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	36.37	36.67	36.55	36.20
Mar	36.65	37.02	36.95	36.55
May	37.40	38.20	38.12	37.15
Jul	37.60	38.72	38.45	37.60
Aug	37.40	38.27	37.95	37.35

INTERNATIONAL COMPANIES AND FINANCE

La Cinq wins go-ahead for emergency cost-cutting

By Alice Rawsthorn in Paris

LA CINQ, the ailing French television station which is fighting for survival, yesterday secured the consent of the Conseil Supérieur de l'Audiovisual, the body that regulates French television, for its emergency cost-cutting programme.

However, the CSA warned La Cinq's shareholders, which include Hachette, the heavily indebted French media group that runs the channel, and Mr Silvio Berlusconi, the Italian media mogul, that they must continue to provide the standard of programming specified in La Cinq's licence.

Two weeks ago Hachette, which has for the past year been running La Cinq, announced plans for radical rationalisation intended to shed 292 of the station's 537 permanent staff and 284 of its temporary employees, leaving the channel with just 27 journalists.

The proposals immediately met with ferocious protest by La Cinq's workforce and had to be submitted to the CSA for approval. La Cinq has been struggling financially since its launch five years ago as part of the French government's TV deregulation drive. Its financial problems intensified in 1991 when it sustained losses of an estimated FFr1.12bn ($215.8m), slightly more than its overall turnover.

Hachette, the architect of the cost-cutting package, held talks with the CSA last week. A number of the other investors – including the French banks, Crédit Lyonnais, Société Générale and Crédit Commercial de France; GAN, the French insurance group; and Kleinwort Benson, the London-based bank – yesterday met with the CSA.

The investors told the CSA they were not prepared to provide any additional capital for La Cinq, which has been searching unsuccessfully for new investment. This followed a similar announcement by Hachette earlier this week.

● Hachette has sold a 15 per cent stake in French regional daily newspaper, Dernieres Nouvelles d'Alsace to Crédit Lyonnais, for an undisclosed amount.

The sale reduces Hachette's stake in Dernieres Nouvelles d'Alsace to 51 per cent.

Li's Husky purchase cleared

By Bernard Simon in Toronto

THE CANADIAN government has approved Hong Kong magnate Mr Li Kashing's purchase of a controlling stake in Husky Oil, one of Canada's largest independent energy producers.

Although Ottawa restricts foreign investments in the energy industry, an official of Investment Canada, the government's foreign investment watchdog, said yesterday the Husky deal fell within the exception made for financially-troubled companies.

Mr Li and his associates will own all of Husky after buying the 43 per cent stake held by Nova Corporation of Alberta.

Mr Li will pay C$250m (US$216.5m), and will redeem preferred shares held by Nova for C$75m.

The deal, first announced two months ago, is expected to close on December 31.

The Investment Canada official said Mr Li would invest a total of C$500m in Husky, including an equity infusion to enable the company to complete construction of a heavy-oil processing plant at Lloydminster, on the Alberta-Saskatchewan border, and a natural gas facility at Caroline, in Alberta.

Mr Li has also agreed to keep the management of Husky in Canadian hands, and to support local communities where Husky does business. The possibility has been raised of taking Husky public later.

The government is likely during 1992 to relax the rules for foreign participation in the energy sector. The slide in oil and gas prices and heavy debt burdens have left many Canadian companies badly needing outside support.

Foreign companies have shown an interest in broadening their Canadian interests. Belgium's Petrofina recently set up an office in Calgary.

Greece to start forward forex trading

By Kerin Hope in Athens

GREECE is to introduce forward foreign exchange trading on January 1 under a central bank plan for gradual deregulation of the banking system in preparation for the European single market.

However, the forward market initially will be restricted to current account transactions with a limited maturity, from 15 days to one year.

Short-term transactions between banks based in Greece and institutions abroad will not be permitted until 1994, when Greece is due to lift all controls on short-term capital movement, according to Bank of Greece officials.

In the meantime, foreign banks are allowed to establish convertible drachma accounts for trading in Greece. The restrictions are designed to avoid pressure on the drachma and eliminate speculation, the officials said.

"We want to take it slowly to prevent fluctuations in the drachma and allow local bankers to get accustomed to the new market," one official said.

No date has yet been set for expanding forward trading to include capital flows and permit longer maturities.

At present, Greek importers and exporters have to make individual arrangements with the Bank of Greece for forward rates on contracts abroad.

Volkswagen sets cars rolling at Czech plant

By John Griffiths

THE first Volkswagen Passat cars to be produced under a DM880m ($556.9m) joint venture project in Czechoslovakia are now rolling off the assembly line in Bratislava, the southern border city some 40 miles from Vienna.

The start of production marks another step in VW's determination to establish itself firmly as a global vehicle maker and to exploit the much larger central European car market expected to develop over the next decade.

Volkswagen already has a 31 per cent stake in, and full management control of, Czech car-maker Skoda, in which VW intends investing DM9bn to double output to 800,000 cars a year over the next few years.

By 1993, the Bratislava plant is scheduled to be producing 30,000 Passats a year under the venture, between the German car-maker and Bratislavske Automobile Zavody (BAZ). The cars will be for sale via the VW group, mainly in western Europe and Czechoslovakia and later elsewhere in central Europe.

The joint company, Volkswagen Bratislava, is also to develop gearbox manufacturing, with target production of 350,000 a year by early 1994. Output will be sent to VW plants in Wolfsburg, Mosel and Mexico, as well as to VW's SEAT division in Spain.

Volkswagen said, however, the plant would produce only 3,000 Passats next year because of the need for extensive training. Initially, the cars are being assembled from kits, with complex assembly and manufacturing procedures to be added as the workforce gains experience.

Engineers and some shop floor employees have been working since mid-October at VW's Passat plant at Emden, north-east Germany, to prepare themselves for production at Bratislava. The venture is expected to employ 1,500 when in full production.

VW holds an 80 per cent stake in the venture, with BAZ holding the remaining 20 per cent. By early 1993, however, VW is scheduled to increase its equity share to 94 per cent.

Image reshaping at Vancouver SE

Bernard Simon reports on plans to woo new listings and investors

A hallmark of the Vancouver Stock Exchange over the years has been the colourfully ambiguous names of some of its listings. Sky Rocket Exploration, Do Well Resources, and Mischief Enterprises were among the companies which wooed investors in the mid-1980s, helping to give the VSE a reputation as the closest thing to a casino among North American bourses.

But when Bullshirt Manufacturing applied not long ago to list its fledgling shirt-making business, the exchange said no. Stricter vetting of corporate names has become part of a concerted drive to clean up the VSE's shady image.

With a raft of measures, which range from a computerised trading floor to tougher action against wrong-doers and more outside representation on its board of governors, the VSE is trying to re-establish itself not only as North America's premier venture capital market, but a squeaky clean one to boot.

It is sufficiently confident of progress to launch a marketing campaign in New York and Toronto at the end of January. The plan is to woo new listings and investors.

Success will not come easily, however. Small investors, on whom the VSE depends more heavily than most other exchanges, were stung by a series of scandals in the mid-1980s. Many have yet to be persuaded that their money is safe with a Vancouver-listed company.

Although a new generation of regulators has worked hard to put the VSE on a fresh course, the suspicion lingers that some of the exchange's participants are still more interested in wheeling and dealing than protecting investors.

Mr Frank Giustra, president of Yorkton Securities, a local brokerage firm, predicts that it could be two or three years before public confidence is restored. "It's going to be a long, long haul," Mr Giustra says.

The stigma which still clings to the VSE recently persuaded the Pacific Stock Exchange in San Francisco that the Alberta exchange in Calgary would make a more suitable Canadian partner for a joint marketing drive.

The PSE says that several dozen Vancouver-listed companies have shown an interest in a listing in San Francisco over the past six months. Every one of them has been turned away.

Mr Donald Hudson, the VSE's president, expresses some exasperation with what he calls the "Vancouver syndrome". He notes that the New York and Tokyo stock exchanges haven't been blamed for the excesses of Wall Street or the scandals in the Japanese financial community. Yet, he says, "we were blamed for anything that went wrong within a thousand miles of Vancouver".

The VSE's image problem has exacerbated the general slump in stock market activity. The value of shares changing hands in Vancouver was C$2.9bn between January and October, a 26 per cent drop from a year earlier. New financings have also shrivelled by a quarter in the past year.

Vancouver's exchange

Even the VSE's critics acknowledge that local regulators and the exchange itself have done much to clean out the stables. The VSE has disciplined 103 brokers in the past four years, levying fines of C$1.2m. It last year became the first exchange in Canada empowered to prosecute people no longer working in the securities industry.

A new pre-listings advisory committee and other vetting procedures now eliminate about 10 per cent of listings applications.

The exchange is also trying to woo more industrial and technology companies to lower its dependence on the junior exploration outfits which have been the source of many of its past headaches.

The revival strategy relies heavily on one of North America's most sophisticated computerised trading systems, launched in early 1990. Besides improving its ability to spot suspicious trading patterns, the new system has given the VSE an international respectability in the nuts and bolts of computer trading.

About 170 trading terminals have already been installed, including over a dozen in Toronto, 2,000 miles away. Vancouver has also sold its system to exchanges in Mexico and Venezuela, and is presently negotiating with about 10 other potential customers in, among other places, Germany, Austria, Indonesia and Turkey.

The VSE's supporters are confident that banks' tightening credit practices and stricter listing requirements by the Nasdaq over-the-counter market will assure the viability of a market which specialises in venture capital financing. However, such a market also requires investors' confidence to thrive.

Mr Hudson acknowledges that there are limits to what the VSE can do to win back a sceptical (and all-too-often gullible) public.

"All markets are 'buyer beware'," he notes. "If buyers don't do that, they're going to get themselves into trouble."

Country funds go well in Osaka

By Emiko Terazono in Tokyo

LAST WEEK'S launch of Japan's first country stock funds – investment trust funds investing in stocks of a specific country – met with an enthusiastic response.

Japanese investors rushed to place buy orders with the Osaka Stock Exchange (OSE) in the five country funds, Spain, Korea, Germany, Singapore, and Thai Capital. The launch comes at a time when domestic stock markets are facing the longest post-war slump, and worries over weak investor appetite prevailed prior to the listings.

The funds are listed on the New York Stock Exchange and managed by US investment companies. Trading on Friday on the OSE totalled 570,000 shares.

The bullish start came as a relief to OSE and brokerage officials. However, an official at Nomura Securities said initial interest seemed out of line with supply and demand, and continued buying interest was unlikely to persist.

Japanese investors were criticised for pushing prices up to unrealistic levels through their aggressive buying of country funds in the late 1980s. Many Japanese institutional investors still hold heavy losses in country funds, bought through foreign stock exchanges.

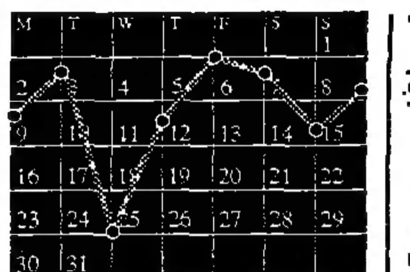
Trading in country funds on the OSE runs for two hours each market day, for an hour from 10am in the morning session, and from 2pm to 3pm in the afternoon. The minimum trading unit is 100 shares.

M-Net joins in FilmNet deal

By Philip Gawith in Johannesburg

M-NET, the South African pay television channel, is investing R260m ($94.5m) in a consortium which is to buy FilmNet International Holdings, a European subscription TV operation, from Esselte of Sweden.

The consortium is being led by Compagnie Financier Richemont, the Swiss tobacco and luxury goods company controlled by South Africa's Rupert family.



ECONOMIC DIARY

TOMORROW: Referendum on independance in Azerbaijan and Uzbekistan.

MONDAY: Leaders of newly-founded Commonwealth of Independant States meet in Minsk to work out permanent defence structures.

TUESDAY: Central Statistical Office publishes figures for engineering sales and orders at current and constant prices during October. US leading indicators for November. Mr George Bush, president of the US, starts tour of Australia, Singapore, South Korea and Japan (until January 10).

WEDNESDAY: International boat show opens at Earls Court in London (until January 12). Publication of 1961 Government records. Soviet - United States accord on halting arms supplies to warring sides in Afghanistan takes affect. Nigerian government presents 1992 budget, last before planned military handover to civilian power. Portugal begins rotating presidency of European Community. Mr George Bush, president of the United States, arrives in Canberra at the start of an official visit to Australia (until January 3). Start of Harrods sale.

THURSDAY: The Department of Energy announces energy trends in October. US construction spending (November); puchasing managers index (December) and leading indicators (December). New civilian governors due to take over from military officials in Nigeria.

FRIDAY: The Treasury issues UK official reserves figures for December. Central Statistical Office gives statistics for insurance and pensions (third quarter). Mr George Bush, president of the United States, arrives in Singapore on an official visit (until January 5). Association of Science Education holds annual meeting at Sheffield University (until Sunday).

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Fri Dec 27 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Tue Dec 24 Index No.	Mon Dec 23 Index No.	Fri Dec 20 Index No.	Year ago (approx) Index No.	1991 High		1991 Low		Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (180)	726.63	+1.2	9.31	6.63	13.74	34.30	717.84	706.97	713.21	720.76	890.04	15/3	675.31	16/1	1038.07 16/7 /87	50.71 13/12/74
2 Building Materials (23)	857.23	+2.0	8.13	7.26	16.62	46.51	840.08	820.50	825.60	985.09	1167.75	14/3	820.50	23/12	1381.08 16/7 /87	44.27 11/12/74
3 Contracting, Construction (29)	843.22	+1.2	8.86	8.79	16.54	51.42	833.43	822.60	823.87	1133.93	1438.66	15/3	822.60	23/12	1951.50 16/7 /87	71.48 2 /12/74
4 Electricals (10)	2302.92	+0.9	10.47	6.43	12.16	98.23	2281.58	2266.56	2283.13	1884.47	2675.48	1 /10	1837.98	22/1	3040.80 8 /9 /89	84.71 25/6 /62
5 Electronics (26)	1687.02	+0.7	10.89	5.10	11.64	53.94	1675.92	1652.81	1670.22	1539.44	1958.19	15/3	1478.08	16/1	2308.22 19/5 /89	1229.01 8 /10/85
6 Engineering-Aerospace (8)	324.38	+0.5	16.65	8.01	7.31	18.52	322.74	318.78	321.55	399.98	469.23	9 /4	318.78	23/12	502.42 13/6 /90	318.78 23/12/91
7 Engineering-General (43)	449.74	+0.5	10.67	5.58	11.56	18.20	447.61	443.27	446.95	365.49	503.16	2 /10	339.57	23/1	505.10 15/6 /90	339.57 23/1 /91
8 Metals and Metal Forming (9)	300.92	+0.5	2.10	11.69	–	25.83	299.38	292.51	286.87	404.32	509.18	3 /4	286.87	20/12	596.67 9 /10/87	49.65 6 /1 /75
9 Motors (12)	284.69	+2.0	9.09	8.46	14.60	17.56	279.11	275.93	279.25	295.99	371.25	6 /9	266.43	16/1	411.42 13/10/87	19.91 6 /1 /75
10 Other Industrial Materials (20)	1455.44	+1.5	8.22	5.63	14.47	59.05	1434.14	1413.04	1434.12	1244.09	1695.01	2 /9	1147.76	16/1	1881.53 18/8 /89	277.55 15/1 /81
21 CONSUMER GROUP (189)	1537.74	+1.4	7.61	3.58	16.18	40.73	1517.21	1499.05	1508.19	1231.67	1607.13	14/11	1188.45	16/1	1607.13 14/11/91	61.41 13/12/74
22 Brewers and Distillers (23)	1903.69	+0.9	8.87	3.72	13.62	49.14	1887.09	1879.93	1889.60	1597.40	1964.41	12/11	1478.24	25/1	1964.41 12/11/91	69.47 13/12/74
25 Food Manufacturing (19)	1212.08	+1.0	9.74	4.19	12.61	37.32	1199.64	1187.44	1187.59	1034.03	1251.91	2 /10	1013.60	16/1	1251.91 2 /10/91	59.67 11/12/74
26 Food Retailing (17)	2330.35	+0.9	9.94	3.56	13.07	65.37	2309.85	2273.64	2275.58	2287.95	2854.91	2 /5	2231.21	22/11	2854.91 2 /5 /91	54.25 11/12/74
27 Health and Household (24)	4147.49	+1.7	4.95	2.32	23.19	72.62	4078.10	4000.57	4015.23	2571.03	4257.72	14/11	2454.93	16/1	4257.72 14/11/91	175.38 28/5 /80
29 Hotels and Leisure (24)	1201.43	+1.5	8.65	5.64	14.32	45.61	1183.64	1168.26	1176.58	1217.10	1405.62	2 /9	1066.91	25/1	1845.77 8 /9 /89	54.83 9 /1 /75
30 Media (23)	1353.79	+1.8	6.98	3.97	18.01	48.36	1329.39	1315.36	1332.47	0.00	1565.67	20/9	1166.91	16/1	1565.67 20/9 /91	1166.91 16/1 /91
31 Packaging, Paper & Printing (17)	699.65	+0.9	7.71	4.75	15.71	24.43	693.66	689.22	698.53	525.71	788.41	9 /9	486.96	16/1	788.41 9 /9 /91	43.46 6 /1 /75
34 Stores (32)	956.08	+1.7	7.71	3.89	17.16	26.77	939.93	930.75	944.46	786.45	1042.47	8 /11	766.89	29/1	1160.58 29/7 /87	52.63 6 /1 /75
35 Textiles (10)	577.73	+0.9	8.02	5.37	15.91	22.28	572.75	569.69	577.39	412.07	652.30	1 /11	396.58	28/1	914.52 2 /10/87	62.66 11/12/74
40 OTHER GROUPS (112)	1167.76	+1.4	10.40	5.75	12.12	40.33	1151.48	1135.83	1142.94	1013.62	1330.48	2 /10	961.05	16/1	1330.48 2 /10/91	58.63 6 /1 /75
41 Business Services (13)	1349.97	+3.1	7.48	4.93	16.99	46.93	1309.33	1272.97	1287.26	0.00	1447.24	4 /10	892.28	1 /2	1447.24 4 /10/91	892.28 1 /2 /91
42 Chemicals (21)	1347.43	+1.2	7.51	5.45	16.46	54.35	1331.91	1322.19	1330.78	1044.54	1520.52	2 /9	1004.01	16/1	1545.46 5 /10/87	71.20 1 /12/74
43 Conglomerates (11)	1271.14	+1.9	11.86	8.45	10.24	44.87	1247.79	1203.24	1208.70	1299.13	1626.42	14/3	1203.24	23/12	1819.46 11/8 /89	975.19 10/11/87
44 Transport (14)	2266.98	+1.6	5.66	4.99	23.26	79.12	2230.25	2208.13	2228.61	1905.49	2425.36	2 /10	1730.87	23/1	2554.69 12/7 /89	90.80 29/6 /62
45 Electricity (16)	1196.58	+0.8	15.16	6.21	8.59	27.53	1187.19	1173.35	1180.17	0.00	1286.51	2 /10	994.96	7 /1	1286.51 2 /10/91	994.96 7 /1 /91
46 Telephone Networks(4)	1383.24	+1.1	11.34	4.53	11.51	30.42	1367.71	1357.86	1361.57	1165.21	1658.67	2 /10	1085.95	16/1	1658.67 2 /10/91	517.92 30/11/84
47 Water(10)	2198.79	+0.2	19.42	7.23	5.67	151.44	2194.10	2192.80	2214.40	2220.60	2539.85	6 /9	2134.83	16/1	2539.85 6 /9 /91	1820.20 1 /5 /90
48 Miscellaneous (23)	1712.16	+2.2	5.84	5.80	23.54	75.10	1674.56	1642.57	1658.00	1568.61	2033.42	15/8	1506.17	16/1	2087.06 11/7 /89	60.39 6 /7 /75
49 INDUSTRIAL GROUP (481)	1215.51	+1.4	8.79	4.79	14.22	39.66	1199.31	1183.68	1191.52	1039.99	1326.09	6 /9	991.97	16/1	1326.09 6 /9 /91	59.01 13/12/74
51 Oil & Gas (19)	2156.40	+0.8	11.87	6.50	11.15	104.27	2139.78	2105.65	2110.22	2316.22	2509.42	23/7	2101.45	21/1	2528.70 3 /8 /90	87.23 29/5 /62
59 500 SHARE INDEX (500)	1298.33	+1.3	9.14	4.99	13.79	44.82	1281.89	1264.75	1272.46	1144.96	1424.90	2 /9	1092.04	16/1	1424.90 2 /9 /91	63.49 13/12/74
61 FINANCIAL GROUP (90)	708.34	+1.3	–	6.59	–	34.41	699.53	682.86	685.90	713.30	859.94	15/3	667.36	16/1	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	844.72	+1.3	4.67	6.28	42.35	38.97	834.21	808.67	814.61	761.24	990.15	6 /9	695.08	15/1	990.15 6 /9 /91	62.44 12/12/74
65 Insurance (Life) (6)	1435.75	+1.9	–	5.95	–	63.68	1408.51	1368.96	1358.92	1277.15	1632.53	4 /9	1220.74	16/1	1632.53 4 /9 /91	44.88 2 /1 /75
66 Insurance (Composite) (7)	487.97	+2.0	–	8.93	–	32.94	478.45	462.25	464.94	613.71	728.27	15/3	462.25	23/12	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (10)	976.66	+1.3	8.35	6.86	15.76	49.46	963.83	944.13	964.33	1011.86	1202.38	5 /4	932.88	23/1	1399.56 17/7 /87	65.86 16/12/74
68 Merchant Banks (7)	439.81	+0.2	–	4.87	–	16.06	438.86	437.79	442.65	355.92	498.05	15/11	327.70	16/1	547.59 12/10/87	31.21 7 /1 /75
69 Property (35)	795.42	+0.5	6.17	5.92	23.69	33.34	791.13	787.79	784.14	963.06	1087.65	15/3	784.14	20/12	1398.87 5 /9 /89	56.01 20/4 /65
70 Other Financial (16)	226.65	+0.3	11.87	7.71	10.61	13.03	225.91	225.10	227.81	252.56	298.63	15/3	225.10	23/12	603.48 16/7 /87	33.29 17/12/74
71 Investment Trusts (69)	1129.11	+0.8	-	3.86	–	31.82	1119.97	1111.53	1116.90	1006.30	1261.80	6 /9	947.19	16/1	1323.81 4 /1 /90	71.12 13/12/74
99 ALL-SHARE INDEX (659)	1157.09	+1.3	–	5.16	–	41.78	1142.61	1126.05	1132.66	1038.43	1284.07	6 /9	987.46	16/1	1284.07 6 /9 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 24	Dec 23	Dec 20	Dec 19	Dec 18	Year ago	1991 High		1991 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2418.7	+34.3	2427.0	2399.3	2384.4	2345.4	2358.1	2391.6	2413.6	2160.4	2679.6	2 /9	2054.8	16/1	2679.6 2 /9 /91	986.9 23/7 /84

FIXED INTEREST

PRICE INDICES	Fri Dec 27	Day's change %	Tue Dec 24	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (27)	121.28	+0.10	121.15	1.93	12.18
2 5-15 years (27)	134.82	+0.19	134.56	2.35	13.36
3 Over 15 years (8)	143.43	+0.22	143.11	1.45	13.69
4 Irredeemables (6)	157.30	+0.20	157.97	1.16	14.67
5 All stocks (69)	132.83	+0.17	132.62	2.15	13.16
Index-Linked					
6 Up to 5 years (2)	166.76	+0.02	166.73	0.90	3.16
7 Over 5 years (9)	146.42	+0.03	146.38	0.70	4.64
8 All stocks (11)	148.11	+0.03	148.07	0.72	4.51
9 Debs & Loans (62)	114.30	+0.30	113.97	2.10	10.75

AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 27	Tue Dec 24	Year ago (approx.)	1991 High		1991 Low	
British Government								
1 Low	5 years	8.98	8.98	10.08	10.14	16/1	8.42	12/11
2 Coupons	15 years	9.45	9.47	10.29	10.24	2 /1	9.24	18/9
3 (0%-7¾%)	20 years	9.45	9.47	10.30	10.26	2 /1	9.24	18/9
4 Medium	5 years	9.89	9.91	11.13	11.15	2 /1	9.56	20/9
5 Coupons	15 years	9.55	9.57	10.65	10.62	2 /1	9.41	20/9
6 (8%-10¾%)	20 years	9.51	9.52	10.53	10.50	2 /1	9.35	18/9
7 High	5 years	10.11	10.13	11.23	11.25	2 /1	9.75	20/9
8 Coupons	15 years	9.62	9.64	10.84	10.80	2 /1	9.50	18/9
9 (11%-)	20 years	9.55	9.57	10.71	10.67	2 /1	9.41	18/9
10 Irredeemables	†	9.68	9.69	10.46	10.48	31/12	9.43	18/9
Index-Linked								
11 Inflation rate 5%	Up to 5yrs.	4.12	4.11	4.19	4.48	15/7	3.59	18/1
12 Inflation rate 5%	Over 5 yrs.	4.42	4.42	4.19	4.42	27/12	4.09	18/2
13 Inflation rate 10%	Up to 5 yrs.	3.47	3.45	2.86	3.60	9 /7	2.13	21/2
14 Inflation rate 10%	Over 5 yrs.	4.24	4.24	4.00	4.24	27/12	3.90	12/4
15 Debs &	5 years	11.31	11.36	12.53	12.63	9 /1	11.08	25/9
16 Loans	15 years	11.09	11.14	12.33	12.38	18/1	10.84	23/9
17	25 years	10.89	10.93	12.13	12.16	18/1	10.66	23/9

‡Opening Index 2399.3; 9 am 2421.2; 10 am 2422.3; 11 am 2423.7; Noon 2421.5; 1 pm 2; pm 2.30; pm 3; pm 4.10; pm (a) 10.11am; (b) 8.30am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991. CONSTITUENT CHANGES: DELETION: Ultramar (51); ADDITION: British Borneo Petroleum Syndicate (51).

LONDON TRADED OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allid Lyons	550	51½	72½	79½	2¼	9½	16
[illegible]							
Ultramar (*265)	260	14	18½	27½	9½	18	–
	280	4½	10½	–	18½	20½	–

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
BAT Inds	600	22	36½	38½	17	30½	40½
[illegible]							
Glaxo (*823)	800	66½	95½	116	32½	43½	53½
	850	40½	70½	91½	56½	70½	78½
Brit Aero (*320)	300	30½	32½	38½	4½	18	20
	330	13½	16½	24	18	34½	37½
BAA (*523)	500	37	55½	62	7½	14	18½
	550	10½	29	35	30½	35½	40½
Hawker Sidd. (*730)	700	43½	60½	–	4	8½	–
	750	8½	27½	–	26½	30½	–
Hillsdown (*163)	160	13½	19	22	7	12½	13½
	177	7	–	–	23	–	–

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Lasmo (*154)	140	19	23	25	10½	12½	15½
[illegible]							

December 27 Total Contracts 12,499
Calls 6,358 Puts 6,141
FT-SE Index Calls 3,777 Puts 3,861
Euro FT-SE Calls 352 Puts 950
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months.
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p
Allied-Lyons	50
Amstrad	4
Astec (BSR)	5
BAT Inds	53
BOC	48
BTR	33
Barclays	34
Blue Circle	20
Boots	33
Bowater	55
Brit Aerospace	30
British Steel	10
Brit Telecom	27
Cadburys	35
Charter Cons.	42
Comm Union	40
Courtaulds	38
Eurotunnel	35
FKI	5
FNFC	6
Forte	21
GKN	28
Gen Accident	40
GEC	16
Glaxo	75
Grand Met	67
GRE	11
Hanson	16
ICI	95
Ladbroke	21
Legal & Gen	33
Lex Service	18
Lloyds Bank	30
Lonrho	19
Lucas Inds	12
Marks Spencer	23
Midland Bank	18
NatWest Bank	28
P & O Dfd	41
Racal Elect	6
RHM	21
Rank Org	52
Ratners	9
Reed Intl	38
Sears	8
SmKl Behm A	60
TI	39
TSB	11
Tesco	21
Thorn EMI	65
T & N	14
Unilever	60
Vickers	15
Wellcome	70
■ PROPERTY	
Brit Land	24
Land Sec.	41
MEPC	38
Mountleigh	3
■ OILS	
Aviva Pet	2
BP	28
Burmah Castrol	44
Conroy Pet	7
Gaelic Res	1
Premier Cons	4
Shell	40
Tuskar Res	1
Ultramar	20
■ MINES	
RTZ	44

مكرر من الأصل

CURRENCIES, MONEY AND CAPITAL MARKETS

£ IN NEW YORK

Dec.27	Latest	Previous Close
£ Spot	1.8770-1.8780	1.8825-1.8845
1 month	0.95-0.93pm	0.96-0.94pm
3 months	2.97-2.94pm	3.00-2.97pm
12 months	11.10-10.9pm	11.10-10.9pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.27	Previous
8.30 am	91.7	91.8
9.00 am	91.8	91.8
10.00 am	91.7	91.8
11.00 am	91.7	91.9
Noon	91.7	91.9
1.00 pm	91.7	-
2.00 pm	91.7	-
3.00 pm	91.7	-
4.00 pm	91.7	-

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

Dec 27	Bank rate %	Special Drawing Rights	European Currency Unit
D-Mark	8.00	N/A	2.03508
Dutch Guilder	8.00	N/A	2.29470
French Franc	10¼	7.40816	6.95565
Italian Lira	12	N/A	1543.63
Japanese Yen	5.00	181.462	169.075
Norway Krone	8	N/A	8.02755
Spanish Peseta	-	N/A	129.637
Swedish Krona	10.00	N/A	7.45032
Swiss Franc	7.00	N/A	1.81358
Greek Drach	19	N/A	234.853
Irish Punt	-	N/A	0.765336

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Dec.26

OTHER CURRENCIES

Dec 27	£	$
Argentina	18680.3 - 18709.1	9910.00 - 9920.00
Australia	2.4690 - 2.4720	1.3155 - 1.3165
Brazil	1999.30 - 2004.90	1068.00 - 1068.15
Finland	7.7640 - 7.8080	4.1425 - 4.1525
Greece	325.100 - 330.300	172.370 - 175.120
Hong Kong	14.5905 - 14.6080	7.7765 - 7.7795
Iran	117.90*	65.70*
Korea(Sth)	1419.85 - 1442.75	755.00 - 764.00
Kuwait	0.52825 - 0.52925	0.28430 - 0.28480
Luxembourg	58.65 - 58.75	31.25 - 31.35
Malaysia	5.1320 - 5.1460	2.7350 - 2.7380
Mexico	5690.00 - 5701.05	3040.00 - 3042.00
N.Zealand	3.4525 - 3.4595	1.8390 - 1.8425
Saudi Ar.	7.0340 - 7.1110	3.7490 - 3.7500
Singapore	3.0435 - 3.0555	1.6250 - 1.6270
S.Af (Cm)	5.1305 - 5.1440	2.7350 - 2.7380
S.Af (Fn)	5.9225 - 6.0175	3.1545 - 3.2050
Taiwan	48.25 - 48.35	25.70 - 25.75
U.A.E.	6.8875 - 6.9650	3.6715 - 3.6735

*Official rate. Floating rate £-2578.0 $-1421.0

FORWARD RATES AGAINST STERLING

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 27	% Change from Central Rate	% Spread v Weakest Currency	Divergence Indicator
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Ecu central rates set by the European Commission. Currencies are in descending relative strength. [illegible] Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

Dec 27	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
French Franc	10⅜ - 10¼	10⅝ - 10⅛	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½
Italian Lira	12 - 10	13¼ - 12½	13¼ - 12⅞	12½ - 12	12⅝ - 12¼	12⅝ - 12⅛
Belgian Franc	10¼ - 10	10¼ - 10⅛	10⅛ - 10	10 - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞
Yen	6½ - 6⅛	6½ - 6⅛	6⅛ - 6⅛	6⅛ - 5⅞	5⅞ - 5¾	5½ - 5⅜
Danish Krone	9⅝ - 9⅜	9⅝ - 9⅞	10 - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞
Asian $Sing	3½ - 3⅛	2¾ - 2⅝	2¾ - 2⅝	2⅞ - 2¾	3⅛ - 3⅛	3⅞ - 3⅛

Long term Eurodollars: two years 5⅛-4⅞ per cent; three years 5⅞-5⅝ per cent; four years 6⅛-6⅛ per cent; five years 6⅞-6⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.27	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.878	2.848	235.8	9.735	2.535	3.213	2159.	2.177	58.70	1.402
$	0.532	1	1.517	125.6	5.184	1.350	1.711	1150	1.159	31.26	0.747
DM	0.351	0.659	1	82.79	3.418	0.890	1.128	758.1	0.764	20.61	0.492
YEN	4.241	7.964	12.08	1000.	41.28	10.75	13.63	9156	9.232	248.9	5.946
F Fr.	1.027	1.929	2.926	242.2	10.	2.604	3.300	2218	2.236	60.30	1.440
S Fr.	0.394	0.741	1.123	93.02	3.840	1	1.267	851.7	0.859	23.16	0.553
N Fl.	0.311	0.585	0.886	73.39	3.030	0.789	1	672.0	0.678	18.27	0.436
Lira	0.463	0.870	1.319	109.2	4.509	1.174	1.488	1000.	1.008	27.19	0.649
C$	0.459	0.863	1.308	108.3	4.472	1.164	1.476	991.7	1	26.96	0.644
B Fr.	1.704	3.199	4.852	401.7	16.58	4.319	5.474	3678	3.709	100.	2.388
Ecu	0.713	1.340	2.031	168.2	6.944	1.808	2.292	1540	1.553	41.87	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS [illegible]

LIFFE BUND FUTURES OPTIONS [illegible]

LIFFE EUROMARK OPTIONS [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS [illegible]

LIFFE SHORT STERLING OPTIONS [illegible]

LONDON (LIFFE) [illegible]

CHICAGO [illegible]

PARIS [illegible]

March	107.58	107.72	+0.18	107.72	107.58	8.83	5,008

Estimated volume 227 Total Open Interest 5,008

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
105	-	-	-	0.18	-	-
106	1.47	-	-	0.37	-	-
107	0.84	-	-	0.72	-	-
108	0.43	-	-	-	-	-
Open Int.	145,214	11,932	350	87,055	12,332	250

Estimated volume 17,401 Total Open Interest 251,133

BANK RETURN

BANKING DEPARTMENT	Tuesday December 24		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	113,042,977	+	9,513,581
Bankers Deposits	2,083,923,180	+	270,779,506
Reserve and other Accounts	3,512,844,602	-	381,003,289
	5,724,363,759	-	100,710,202
ASSETS			
Government Securities	1,675,026,528	+	328,749,999
Advance and other Accounts	1,783,609,700	-	659,635,885
Premises Equipment & other Secs	2,262,258,460	+	231,050,465
Notes	3,174,858	-	804,713
Coin	294,213	-	70,068
	5,724,363,759	-	100,710,202
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	17,906,825,142	+	440,804,713
Notes in Banking Department	3,174,858	-	804,713
	17,910,000,000	+	440,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	11,944,345,591	+	164,110,600
Other Securities	5,954,639,309	+	275,889,400
	17,910,000,000	+	440,000,000

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.27) 3 months US dollars		6 months US Dollars	
bid 4¼	offer 4⅜	bid 4¼	offer 4⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks

No. of bargains included nil

Greater London Council6¾% Stk 90/92 - £98¼♦

Glasgow Corp3½% Irrd Stk - £20 (20De91)

UK Public Boards

No. of bargains included1

Agricultural Mortgage Corp PLC6¾% Deb ...

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Building Societies

Leeds Permanent Building Society13⅝% Perm Int Bearing £50000 - £107⅝ (20De91)

Commercial, Industrial, etc

No. of bargains included5898

ADT LdCom Shs $0.10 - 322½ 5 7 8 40

ADR (1:1) - $6.339789

AMEC PLC15% Uns Ln Stk 1992 - £95 (20De91)

APV PLC4.55% Cum Prf £1 - 54 (23De91)

ASH Capital Finance(Jersey)Ld9½% Cnv Cap Bds 2005 (Reg Units 100p) - 261♦

Electricity

Financial Trusts, Land, etc

Insurance

Investment Trusts

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Plantations

Shipping

Utilities

Water

Miscellaneous Warrants

C Put Wts Rlg to FT-SE 100 Ind 25/3/93 - 22.11 (20De91)

Salomon IncSKCallWtsPurNonResB ABElectrolux 22/3/93 - SK35½ 39 (23De91)

USM Appendix

Lawrie Group PLCOrd £1 - £22 (20De91)

Manx Petroleum PLCOrd £1 - £0.35 (20De91)

Perpetual(Jersey)Offshore UK Growth - £1.075294 (23De91)

Rangers Football Club PLCOrd 10p - £1.15 (20De91)

Thwaites(Daniel)& Co PLCOrd 25p - £1.9 (23De91)

Weetabix Ld"A" Non.V Ord 25p - £7.7 7⅝

Yates Bros Wine Lodges PLCOrd 25p - £0.82 (20De91)

Rule 535(2)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

City Developments S$4 02
Forest Laboratories $37.73♦ (20/12)
Harland (John H) Co $21.49♦
Idaho Power Co $28.49♦
Keystone International 25.375♦ (23/12)
Kulim Malaysia Ord 32.0♦ (23/12)
National Electronics (Consolidated) 2.0♦
North Flinders Mines $A3.289
Oil Search $A0.70
Rutgerswerke AG DM335.74, 334.79 (20/12)
Selangor Coconuts 33 0 (20/12)

By Permission of the Stock Exchange Council

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	115.7597	+0.054	9.50	9.52	9.61
BELGIUM		9.000	08/01	99.8000	+0.100	9.02	9.02	9.14
CANADA *		8.500	04/02	101.3000	+0.050	8.31	8.33	8.64
DENMARK		9.000	11/00	101.1250	+0.100	8.80	8.79	9.04
FRANCE	BTAN	8.500	11/95	97.1886	+0.039	9.23	9.20	9.15
	OAT	9.500	01/01	104.7300	+0.080	8.72	8.77	8.98
GERMANY		8.25	09/01	100.9600	+0.130	8.11	8.11	8.31
ITALY		12.000	06/01	98.8700	+0.080	12.61	12.58	12.64
JAPAN	No 119	4.800	06/99	95.2057	+0.970	5.72	5.96	6.22
	No 129	6.400	03/00	105.4563	+0.620	5.44	5.61	5.89
NETHERLANDS		8.500	03/01	99.1400	+0.120	8.83	8.66	8.83
SPAIN		11.900	07/96	100.0500	+0.250	11.82	11.72	11.93
UK GILTS		10.000	11/95	100-08	+4/32	9.93	9.86	10.02
		10.000	02/01	101-23	+8/32	9.71	9.65	9.96
		9.000	10/08	96-06	+10/32	9.45	9.40	9.72
US TREASURY *		7.500	11/01	104-19	-1/32	6.85	6.99	7.41
		8.000	11/21	105-23	-3/32	7.52	7.60	7.97

London closing. *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. *Technical Data/ATLAS Price Sources*

LONDON STOCK EXCHANGE

Footsie regains 2,400 mark with ease

By Terry Byland, UK Stock Market Editor

WALL STREET's enthusiastic response to the Federal Reserve's cut in the discount rate continued to drive the London stock market ahead on its return from the Christmas break. The FT-SE 2,400 mark was regained with ease early in yesterday's curtailed trading session which ended with the Footsie at 2,418.7, a gain of 34.3 since Christmas Eve.

The strongest performers were those blue chip internationals traditionally influenced by the US markets. However, retail, building and consumer shares, which are still threatened by the possibility that UK base rates will have to follow the European trend to higher levels, also joined in yesterday's advance.

Traders sounded somewhat cautious over the rapid recovery in the London market, which has risen by around 2.6 per cent since the beginning of Christmas week. Yesterday's advance was again encouraged by a good premium on the December FT-SE futures contract, although this contract expires on December 31. Yesterday was the close of the extended Christmas account in equities. The Footsie gained only 1.3 per cent over the three week period, which saw the London market fall sharply at first as the Bundesbank pointed the way to higher interest rates in Europe.

Trading volume was still very thin, particularly in the first two hours of trading yesterday morning when share prices reached the day's peak of Footsie 2,427 on the back of some very modest demand from the US. Some selling was also seen, as domestic investors took the opportunity to sell into relative strength.

At Strauss Turnbull, the UK securities arm of Société Générale, Mr Michael Hicks commented that while there were bullish signs on Wall Street, London remains uncertain. A further dip in sterling against the German mark heightened concern over the outlook for UK base rates.

Among the blue chips, continued weakness in the oil sector remained a noticeable feature as the disclosure of a fall in monthly output of oil from the North Sea underlined the stock market's bearish view on crude oil prices. Pharmaceutical stocks attracted solid support, however, with the exception of Fisons.

More surprisingly, there were gains, albeit modest, in the retail stocks after somewhat anecdotal suggestions that the Christmas selling season had passed off slightly better than feared. But traders stressed that share volume had been extremely thin in this area of the market.

Brokerage houses began to publish their recommended share purchases for the coming year.

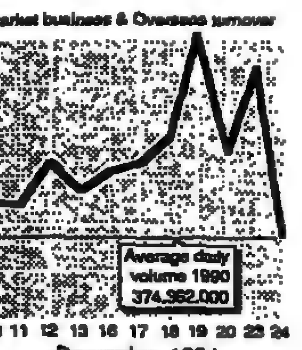
● Retail volume in equities jumped sharply before Christmas as investors were alarmed by upward moves in ERM interest rates.

Account Dealing Dates		
First Dealings:		
Dec 9	Dec 30	Jan 13
Option Declarations:		
Dec 23	Jan 9	Jan 23
Last Dealings:		
Dec 27	Jan 10	Jan 24
Account Day:		
Jan 6	Jan 20	Feb 3

"New-time dealings may take place from 8.30 am two business days earlier.

London SE volume

Turnover by volume (million)
Excl: Intra-market business & Overseas turnover



December 1991

FINANCIAL TIMES STOCK INDICES

	Dec 27	Dec 24	Dec 23	Dec 20	Dec 19	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.56	86.48	86.54	86.92	87.10	82.11	87.94 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.80	96.71	96.91	97.27	97.37	90.82	97.49 (16/12)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1841.8	1813.0	1781.4	1791.9	1814.7	1685.2	2108.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	143.6	143.9	141.9	143.6	146.3	150.0	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2418.7	2384.4	2345.4	2358.1	2391.6	2160.4	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1103.91	1089.17†	1071.77	1076.75	1089.45	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	5.00	5.08	5.16	5.12	5.05	5.70				
●Earning Yld %(full)	7.51	7.63	7.74	7.70	7.60	11.89				
●P/E Ratio(Net)(☆)	16.72	16.45	16.21	16.31	16.53	10.16				
SEAQ Bargns 4.45pm	9,433	11,101	22,215	24,056	24,557	31,616				
Equity Turnover(£m)†	-	507.60	928.35	1187.58	1871.53	381.78				
Equity Bargains†	-	11,822	23,401	22,872	23,243	34,084				
Shares Traded (ml)†	-	377.6	738.8	564.0	806.6	207.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.78. † Partial.

Ordinary Share Index, Hourly changes Day's High 1849.0 Day's Low 1827.3

Open	8.35	9 am	9.30	10 am	11 am	12 pm	12.30	-
1827.3	1830.6	1844.4	1841.1	1845.2	1847.1	1843.9	1841.8	-

FT-SE 100, Hourly changes Day's High 2427.0 Day's Low 2399.3

Open	8.35	9 am	9.30	10 am	11 am	12 pm	12.30	-
2399.3	2403.2	2421.2	2417.3	2422.3	2423.7	2421.5	2418.7	-

FT-SE Eurotrack 200, Hourly changes Day's High 1107.58 Day's Low 1102.19

Open	10 am	10.30	11 am	11.30	12 pm	12.30
1102.19	1103.30	1104.58	1104.79	1104.36	1103.99	1103.91

GILT EDGED ACTIVITY

Indices*	Dec 24	Dec 23
Gilt Edged Bargains	28.6	54.2
5-Day average	61.9	71.3

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Heavy setback in Fisons

A HEAVY fall in Fisons shares prompted a response from the board which firmly rejected reports from the US of further problems over marketing some of its products there. But the board's statement failed to steady the shares which gave further ground to end the session 31 down at 293p.

The market appeared disappointed that Fisons' statement, in its rejection of reported comments in FDC a US technical publication, made no reference to Intal, its highly successful anti-asthma product.

The shares, in sharp contrast with other US-influenced stocks, had been hit by selling from across the Atlantic as the UK market reacted to reports that FDC had commented adversely on prospects in the US for three Fisons drugs, Opticrom and Imferon as well as Intal.

Although the board rejected the FDC report as "inaccurate and misleading," the shares continued to give way in turnover regarded as significantly heavy for a post Christmas session.

By 12.30pm, when the London market closed for the day, volume in Fisons had reached 5.7m shares.

The stock market remained nervous as it waited for a further, more detailed statement which the Fisons board has promised to make in the near future.

Pharmaceutical groups with international exposures rose on the back of Wall Street. Glaxo rose 24 to 819p, while Smithkline Beecham leapt 15 to 823p, the shares also being tipped on Strauss Turnbull's 'buy' list for 1992.

Some of the other Strauss tips for the New Year also fared well. Lucas climbed 4 to 114p, Pilkington closed up 9 at 132p. Grand Metropolitan rose 5 to 856p, while Allied Lyons gained 7 to 596p. Reuters, heavily tipped by the press over the holiday period, rose 35p to 999p.

Bouyant holiday bookings pushed the year's star performer Airtours ahead 9 to 894p.

Some positive brokers' circulars that the troubled leisure sector may be bottoming out saw thin trading in the leading stocks. Granada Group rose 3 to 189p, Ladbroke climbed 8 to 225p and Rank Organisation gained 5 to 560p.

Lasmo provided the main interest in the oil and gas sector, its ordinary shares rising 4 to 227p. The company says it plans to sell Ultramar's Canadian downstream operations, a move which could raise $400m and reduce group debt in the process.

British Gas bounced back from recent tussles with its regulators to rise 7 to 261p.

However, among the leading oil companies, British Petroleum remained out of favour, gaining no benefit from the powerful recovery in the New York stock market. At 277p, BP shares were down 2 as the Royal Bank of Scotland reported that priction of oil from the North Sea, which had been on a rising trend since June, has turned now turned down.

BP has been a weak feature for the past fortnight as UK brokers have cast doubts on the outlook both for world crude oil prices and also for BP's profits outlook.

Hopes that pre-Christmas spending had been better than expected, combined with expectations of a consumer spending spree in the New Year sales rallied retailers – although concern over the outlook for British interest rates in the light of the move to higher rates elsewhere in the ERM continued to undermine background confidence.

Kingfisher rose 11 to 471p while Ratners, which was under considerable downward pressure as it cut prices in its stores in the pre-Christmas period, regained 3¼ to 31p. Great Universal A, a notably thin market, climbed 29 to 1329p, while Sears finished 4 ahead at 92p.

News that Eurotunnel was likely to settle its long-running dispute with Channel tunnel builders Transmanche lifted sentiment. The companies have been at loggerheads over the fast-rising costs of the construction project. Eurotunnel rose 18 to 329p.

Jones & Shipman, the maker of standard and computer-controlled precision grinding machines, announced loses of nearly £2.5m and no dividend. The shares lost 6 to 52p.

Speculation that British Airways may be involved in negotiations to form some sort of link up with KLM pushed the British carrier up 8 to 225p.

After recent declines over worries on its US exposure, Siebe rose 11 to 508p from Wall Street's bullish mood.

Waste disposal group ADT was also a beneficiary from the US rise, gaining 31 to 332. ADT's recent sale of its 24 per cent stake in Christies International was thought to be a factor behind the auction group's rise of 3 to 144p.

MARKET REPORTER:
Chris Price.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 10.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	29	332	+30	Cookson	52	193	+2	Lucas	78	114	+4	Shell Transport	1,600	483	+8
ASDA Group	3,000	32	+1	Courtaulds	501	487	+18	MB Caradon	214	248	+5	Siebe	277	508	+11
Abbey National	598	284	+6	Dalgety	2	374	+6	MEPC	20	400	+3	Slough Ests	8	230	-1
Albert Fisher	617	68	+1	De La Rue	20	470	+3	Manweb	10	[illegible]	+2	Smith (W H) A	[illegible]	[illegible]	+3
Allied-Lyons	518	596	+7	Dixons	531	182	+4	Marks & Spencer	2,200	271	+4	Smith & Nephew	275	136¼	+1
Amstrad	1,300	23		ECC Group	114	488	+8	Midland Bank	333	212	+3	SmKl Beecham	542	823	+15
Anglian Water	125	333	+2	Eastern Elect.	173	251	+6	Midlands Elect.	39	285	+3	SmKl Beecham Uts.	137	3763	+110
Argos	168	287	+6	East Midland Elect.	65	267	+5	NFC	278	224	+4	Smiths Inds.	8	281	+3
Argyll Group	781	278	+8	Enterprise Oil	288	438	+3	NatWest Bank	1,000	276		Southern Elect.	27	278	+4
Arjo Wiggins	113	237½	+2½	Eurotunnel Units	598	383	+17	National Power	2,800	138	+1	South Wales Elect.	18	311	+3
Ass. Brit. Foods	11	453	+8	FKI	7	59		Next	148	58	+1½	South West Water	421	325	
BAA	114	523	+5	Ferranti	338	6½		North West Water	622	332	+2	South West. Elect.	175	254	+6
BAT Inds.	887	800	+14	Fisons	6,400	293	-31	Northern Elect.	287	284	+1	Southern Water	611	322	
BET	629	100	+15	Forte	480	225	-1	Northern Foods	184	588		Standard Chart.	28	412	+5
BICC	127	313	+3	Gen. Accident	227	440	+8	Norweb	10	303	+6	Storehouse	236	87	+2
BOC	491	598	+11	General Elect.	510	199	+2	Pearson	390	673	+10	Sun Alliance	208	274	+4
BPB Inds.	148	127	+4	Glaxo	3,000	819	+24	P & O	802	424	+2	T&N	102	108	+3
BTR	1,200	382	+9	Glynwed Int.	28	307	+3	Pilkington	659	132	+9	TI Group	81	577	-5
Bank of Scotland	41	111	+2½	Granada	15	189	+3	PowerGen	3,000	149	+1	TSB	778	119	+1
Barclays	2,100	377	+4	Grand Met.	458	856	+5	Prudential	777	238	+5	Tarmac	822	111	+8
Bass	38	[illegible]	+2	GUS A	114	1330	+27	RHM	193	242	-3	Tate & Lyle	31	386	+1
Berisford Int.	618	76		GRE	2,800	114	+4	RMC	26	524	+11	Taylor Woodrow	273	130	+8
Blue Circle	858	217	+3	GKN	470	[illegible]	+3	RTZ	685	453	+4	Tesco	1,300	275	+2
Booker	111	441	+3	Guinness	1,200	503	+7	Racal	5,300	48		Thames Water	382	328	-1
Boots	383	438	+6	Hammerson 'A'	5	508	+5	Rank Org.	136	560	+5	Thorn EMI	349	743	+15
Bowater	273	649	+9	Hanson	3,700	201	+4½	Reckitt & Colman	258	624	+7	Tomkins	11	405	+4
Brit. Aerospace	230	320	+3	Hanson Warrants	683	21½	+1½	Redland	91	478	+5	Trafalgar House	748	121	-1
British Airways	1,300	225	+8	Harrisons Crosfield	107	116	+2	Reed Intl.	338	513	+7	Ultramar	832	285	+6
British Gas	1,900	261	+7	Hawker Sidd.	2	730	+10	Rentokil	[illegible]	364	+5	Unigate	25	287	-1
British Land	33	254	+3	Hillsdown	136	183	+5	Reuters	609	999	+36	Unilever	1,500	871	+20
BP	2,100	277	-2	IMI	7	220	+2	Rolls Royce	315	125	+1	United Biscuits	164	387	-2
British Steel	1,800	67¼	+½	ICI	281	1133	+7	Rothmans	102	1052	+31	Utd. Newspapers	103	318	+1
British Telecom	1,000	328	+4½	Inchcape	1,300	580	+12	Ryl Bk Scotland	258	157	+5	Vodafone	1,400	356	
Br Telecom New	5,700	122¼	+1½	Kingfisher	633	471	+11	Royal Insurance	563	233	+3	Warburg (SG)	18	508	
Bunzl	1,000	81	+2	Ladbroke	1,100	225	+8	Saatchi	143	11¾	+¼	Wellcome	198	967	+12
Burmah Castrol	63	478	+3	Land Securities	40	453	+3	Sainsbury	478	363	+9	Welsh Water	1	344	
Burton	281	37½	+½	Laporte	8	582	+2	Scottish & New.	37	409	+8	Wessex Water	8	389	+3
Cable & Wire.	1,300	583	+6	Legal & General	490	385	+8	Scot. Hydro-Elect.	348	104	+1	Whitbread 'A'	151	411	+5
Cadbury Schweppes	287	420	+1	Lloyds Abbey	12	380	+7	Scottish Power	2,800	102	+1	Williams Hldgs.	624	292	+1
Calor Group	[illegible]	214	+2	Lloyds Bank	576	385	+5	Sears	3,800	92	+4	Willis Corroon	44	247	+4
Carlton Comms.	174	484	+4	LASMO	548	227	+4	Sedgwick	488	209	+6	Wimpey	1,100	118	+3
Coats Viyella	306	183	+3	London Elect.	157	248	+3	Seeboard	59	289	+4	Yorkshire Elect.	5	314	+2
Comm. Union	188	468	+11	Lonrho	483	154	+1½	Severn Trent Water	2,000	320		Yorkshire Water	2	354	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 12.30pm. Trades of one million or more are rounded down.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	46	0	36	65	85	96
Other Fixed Interest	5	0	14	11	15	31
Commercial, Industrial	318	79	1,095	737	626	3,113
Financial & Property	185	47	547	406	335	1,596
Oil & Gas	21	7	63	50	47	176
Plantations	0	0	10	1	0	29
Mines	16	15	121	56	90	310
Others	42	11	93	132	69	233
Totals	633	159	1,979	1,458	1,267	5,584

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (13).
AMERICANS (1) Abbott Labs., BREWERS & DISTILLERS (1) Mansfield, ELECTRONICS (1) Radamec, FOOD MANUFACTURING (1) Everest Foods, Unilever, HEALTH & HOUSEHOLD (2) Amersham Intl., Wellcome, HOTELS & LEISURE (2) Euro Disney, Stanley, INVESTMENT TRUSTS (1) Archimedes Inc., MEDIA (1) Reed Intl., OILS & GAS (1) Evergreen Res., TEXTILES (1) Campari Intl., TRANSPORT (1) British Airways.
NEW LOWS (34).
AMERICANS (1) Pennzoil, BUILDING MATERIALS (1) Marshalls, CHEMICALS (1) Chemex Intl., CONTRACTING & CONSTRUCTION (3) Baris, Lawrence (W), Lovell (YJ), ELECTRONICS (2) AB Electronic, Riva, ENGINEERING GENERAL (1) Jones & Shipman, HEALTH & HOUSEHOLD (1) Fisons, INSURANCE COMPOSITE (1) FAI, INSURANCE LIFE (1) Liberty Life Assoc. of Africa, INVESTMENT TRUSTS (1) Morgn Grenfell Equity Inc., MISCELLANEOUS (2) Excalibur, Tamaris 5½pc Prf., OILS & GAS (5) Brabant Res., Bridge, Command Petrlm., Crossroads, Triton Europe, OTHER FINANCIAL (2) Japanese Wrnt., King & Shaxon, PACKAGING, PAPER & PRINTING (1) NMC, PROPERTY (5) Dwyer, Do. 7¼pc Prf., Helical Bar 5.25pc Prf 2012, London Merchant Secs. 7¼pc Cv. '00-05, New Cavendish, STORES (2) Austin Reed, Wilding Office Equipment, MINES (4) Kenmare, Meekatharra, Renison, Sons Gwalia.

EQUITY FUTURES AND OPTIONS TRADING

Derivatives received just as much a jolt of excitement from Wall Street as did the underlying equity sectors yesterday. The December contract on the FT-SE Index, which expires on the last day of the year, continued to provide a good lead for the stock market, establishing and holding a good premium against the cash quotation.

When the stock market closed at 12.30, the December contract stood at around 2,432 against the closing reading of 2,418.7 on the underlying Index.

Although the futures continued to trade, there were few participants in the market thereafter. Later readings showed the future contract little changed from the 12.30 reading, with London calm as Wall Street appeared disinclined to extend its gains in early trading.

Traded options were again dominated by the Euro-FTSE contract which recorded 8,334 contracts out of the market's total 13,499, compared with the market total of 9,890 on Christmas Eve. Share option contracts were thinly traded, the most active being Sainsbury with only 354 trades. Its nearest rival, Blue Circle, traded only 252 contracts, with Sears recording 236, Hanson 226 and Pilkington 224.

APPOINTMENTS

Japanese regroup for sales spurt

TOYOTA (GB), the Inchcape Group subsidiary which distributes Toyota cars in the UK, is beefing up its management structure to prepare for much higher sales when cars start rolling off the Japanese manufacturer's UK production line at Derby late next year.

From January Trevor Taylor, currently deputy managing director, will become deputy chief executive with responsibilities extended to cover all sales, service and marketing operations. He will report to Simon Foster, who – as previously announced – has left his former post as director of the Society of Motor Manufacturers and Traders to become Toyota (GB)'s chief executive.

Three new posts are being created. They are: field operations director, being filled by current sales director Keith Sanders; corporate business and Lexus sales development director, being filled by Graham Powell, formerly director and general manager of the company's leasing subsidiary; and product development and events director, which goes to the external affairs director Mike Copeland.

The shuffle is expected to precede a restructuring of Toyota (GB)'s operating procedures early in the new year.

Barristers choose Lipworth

Sir Sydney Lipworth, chairman of the Monopolies and Mergers Commission, has been elected chairman of the BAR ASSOCIATION FOR COMMERCE, FINANCE AND INDUSTRY (BACFI).

South African-born Sir Sydney - who, together with fellow countrymen Sir Mark Weinberg and Joel Joffe, is credited with revolutionising the British life insurance industry in the 1960s - only qualified for appointment as chairman of BACFI this autumn. Although he has been a Master of the Bench of Inner Temple and an associate member of BACFI for some years on the strength of his membership of the South African Bar, Sir Sydney was not called to the English Bar until October.

BACFI, an association of barristers in employment, currently has about 900 members. It counts among its officers a number of well-known legal figures including Sir Gordon Slynn, Britain's judge at the European Court who is shortly to become a law lord, and Lord Alexander, a former chairman of the Bar and currently chairman of NatWest Bank.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	115.8	115.8	122.8	-0.1	9.36
High Inc Equity	6	119.7	122.8xd	130.6	+0.3	6.51
Worldwide Bond	6	211.4	211.4xd	226.2	+1.7	6.63
Capital Growth						
American Growth	6	194.7	194.7	208.0	+3.2	1.07
Asian Pacific	6	114.8	114.8	122.7	+1.4	1.28
Assets & Earnings	6	169.2	169.2xd	180.9	+0.3	1.32
Capital Reserve Acc	0	111.1	111.1	111.1	...	6.83
Capital Reserve Inc	0	87.86	87.86	87.87	...	6.83
Cmdty & Energy	6	65.02	65.02	69.54	-0.13	1.96
1992 Enterprise	6	61.37	61.37	65.63	+0.11	3.14
Euro Capital Acc	6	83.09	83.09	88.86	+1.25	1.17
Euro Capital Inc	6	79.38	79.38	84.89	+1.18	1.18
General	6	157.5	157.5	168.4	+0.1	2.97
Japan	6	87.50	87.50xd	93.59	+2.59	-
Mastertrust	6	84.84	84.84	90.73	+0.83	2.82
UK Growth Acc	6	161.3	168.6	179.3	+0.1	2.22
UK Growth Dist	6	102.5	107.1xd	113.9	+0.1	2.27
US Emerging Cos	6	72.97	74.26	79.00	+2.32	-
Income & Growth	6	273.6	273.6xd	292.6	+0.6	4.78
Ethical	6	51.00	52.34	55.68	+0.09	2.00
International	6	57.97	58.81	62.56	+0.96	1.41
Dividend & Growth	6	44.61	45.75	48.66	+0.09	6.17
Global Gwth & Sec	6	52.28	52.51	55.86	-0.07	3.11

Aberforth Unit Trust Managers Ltd (1600)F
14 Chester St, Edinburgh EH3 7RA 031 220 0733

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Small Cos	0	1071.0	1071.0	1123.0	...	-

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	28.50	28.50	30.21	+0.57	2.63
Cash	0	50.28	50.28xd	50.28	+0.03	10.15
European	5¼	64.08	64.08	68.01	+0.72	0.34
European Income	5¼	67.87	68.26xd	72.02	+0.75	1.70
Exempt	1	752.5	752.5	777.7	+10.5	5.25

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Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth				0202 298452		
Cash	1	50.03	50.03	50.53	(z)	10.6
Capital Prf Income	5½	47.71	48.02	51.22	(z)	9.43
Ethical	5½	45.38	46.39	49.53	(z)	5.21
European Growth	5½	43.41	43.59	46.50		3.40
Income	5½	43.27	45.27	46.72	(z)	8.36
Intl Growth	5½	59.66	59.79	63.73	(z)	3.48
Managed	5½	53.45	53.78	57.37	(z)	4.92
UK Growth	5½	46.77	47.38	50.54	(z)	6.29
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS				071-280 6521		
Mngd Exempt Acc	3	183.7	185.8	193.5	+1.7	3.18
Do Income	3	175.3	177.4	184.7	+1.6	3.18
Standard Life Tst Mngt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ				0800 393777		
Managed Acc	5¼	33.68	33.68	35.79	+0.4	2.79
UK Equity Gth Acc	5¼	45.57	46.46	49.37	+0.6	2.52
UK Eq High Inc Inc	5¼	27.11	27.82	29.56	+0.7	7.20
UK Eq High Inc Acc	5¼	30.48	31.28	33.24	+0.8	7.20
UK Equity Gen Acc	5¼	42.98	43.75	46.49	+0.7	3.88
UK Equity Gen Inc	5¼	33.63	34.24	36.38	+0.5	3.88
UK Larger Cos Acc F	7½	280.5	284.8	309.1	+4.7	5.05
UK Larger Cos Inc F	7½	225.9	229.4	248.9	+3.8	5.05
Gilt & Fxd Int Inc	5¼	27.64	27.71	29.71		7.99
O'seas Larg Cos Acc F	7½	198.0	201.3	218.7	+0.7	2.17
Nth American Acc	5¼	34.04	34.15	36.29	+0.2	0.66
Far East Acc F	5¼	36.73	37.61	39.97	-0.2	–
European Acc	5¼	31.78	33.31	35.40	+0.4	1.87
Stewart Ivory Unit Tst Mngrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh				031-226 3271		
American ψ	5	274.4	274.4	293.6	+5.1	0.81
(Accum Units) ψ	5	323.0	323.0	345.6	+6.0	0.81
British	5	783.6	796.6	842.8	+5.7	5.16
(Accum Units)	5	1287.5	1308.8	1384.7	+9.3	5.16
European	5	310.3	310.3	330.5	+1.9	1.53
(Accum Units)	5	336.4	336.4	358.3	+2.1	1.53
Japan	5	104.7	104.7	112.5	+2.0	–
(Accum Units)	5	105.5	105.5	112.4	+2.0	–

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Legal & General – Contd.				
Unit Pensions				
Kingswood, Surrey KT20 6TH			0737 370370	
Ex Bldg Soc Lnkd	160.7	169.2	+0.1	–
Do. Accum	204.5	215.3	+0.2	–
Exempt Cash Init	285.5	300.6	+0.2	–
Do. Accum	457.6	481.7	+0.4	–
Exempt Eqty Init	817.3	860.4	+13.9	–
Do. Accum	1310.0	1379.0	+22.3	–
Exempt Euro Init	146.4	154.2	+3.0	–
Do. Accum	180.4	189.9	+3.5	–
Exempt Far East Init	193.4	203.6	+3.9	–
Do. Accum	238.4	251.0	+4.8	–
Exempt Fixed Init	438.7	461.8	+0.8	–

[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Manulife Group – Contd.				
Pension Fund Prices				
Managed Init		317.1		–
Do. Accum		472.9		–
Property Init		320.1		–
Do. Accum		478.3		–
Equity Init		380.1		–
Do. Accum		567.9		–
Gilt-Edged Init		269.3		–
Do. Accum		416.4		–
Guaranteed Init		211.0		–
Do. Accum		318.4		–
International Init		366.0		–
Do. Accum		558.4		–

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Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2349

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	103.1	108.5	----	-
Pension Managed Fd	101.7	107.1	----	-
Life Deposit Fd	111.4	117.3	----	-
Pension Deposit Fd	118.5	124.7	----	-

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	164.8	173.5	----	-
UK Equity	171.0	180.1	----	-
Overseas Equity	130.5	137.4	----	-
Fixed Interest	163.4	172.0	----	-
Property	129.1	135.9	----	-
Index Linked	151.7	159.7	----	-
Deposit	165.3	174.1	----	-
With Profits (B)	135.2	142.4	----	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	335.6	353.3	(z)	-
UK Equity	418.2	440.3	(z)	-
Overseas Eq.	317.4	334.2	(z)	-
American	272.2	286.6	(z)	-
Far East	327.5	344.8	(z)	-
Property	193.6	203.8	(z)	-
Fixed Int.	272.0	286.4	(z)	-
Indexed Gilt	160.0	168.5	(z)	-
Deposit	189.1	199.1	(z)	-
With Profit	105.9	111.5	----	-
Pension Fund (Accum Units)				
Managed	485.6	511.2	(z)	-
UK Equity	566.2	596.0	(z)	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	209.6	221.2	+2.5	-
UK Fixed Int Acc	192.6	203.2	+0.5	-
Intl Equities Acc	167.1	176.3	+3.2	-
UK Managed Acc	165.5	174.5	+1.4	-
Property Acc	224.2	236.6	----	-
Money Acc	134.7	142.1	----	-
Special Market Acc	138.6	146.3	+0.2	-
Japan Equity Acc	92.9	95.9	+2.6	-
North American Acc	96.6	102.0	+2.5	-
Pacific Acc	87.0	91.8	+2.2	-
Technology Acc	118.9	125.5	+6.4	-
Nat Resources Acc	49.6	52.4	-0.2	-
European Acc	93.7	98.9	+1.0	-
Residential Prop Acc	90.5	95.5	-0.1	-
Swiss Equities Acc	31.6	33.4	+0.6	-
Hong Kong Acc	66.2	69.9	+0.5	-
UK High Inc Eq Acc	67.8	71.6	+0.7	-
Int Fixed Interest Acc	60.6	64.0	+0.2	-
Int Managed Acc	54.7	57.7	+0.8	-
HIP Managed Acc	110.2	116.2	+0.8	-
HIP Managed II Acc	96.8	102.1	+0.6	-
HIP Managed III Acc	105.6	111.3	+0.8	-
Total Investment Bond				
UK Equity Initial		142.1	+1.7	-
UK Fixed Int Initial		130.7	+0.3	-
Intl Equities Initial		112.5	+2.0	-
UK Managed Initial		112.3	+1.0	-
Property Initial		153.2	---	-
Money Initial		91.6	----	-
Special Market Initial		107.3	+0.1	-
Japan Equity Initial		70.3	+1.9	-
North American Initial		74.8	+1.9	-
Pacific Initial		67.4	+1.0	-
Technology Initial		92.0	+4.7	-
Nat Resources Initial		38.3	-0.2	-
European Initial		83.8	+0.9	-

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

INDICES

NEW YORK

DOW JONES	Dec 26	Dec 24	Dec 23	Dec 20	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3082.96	3050.98	3022.38	2934.48	3082.96 (26/12)	2470.30 (9/1)	3082.96 (26/12/91)	41.22 (2/7/32)
Home Bonds	98.42	98.40	98.32	98.22	98.42 (26/12)	91.30 (16/1)	98.42 (26/12/91)	54.99 (1/10/81)
Transport	1315.02	1286.06	1258.03	1207.03	1315.02 (26/12)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.52	219.95	220.71	217.33	221.64 (2/12)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3101.97 (3087.88) Low 3036.23 (3015.65)

STANDARD AND POOR'S

	Dec 26	Dec 24	Dec 23	Dec 20	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	404.84	399.33	396.82	387.04	404.84 (26/12)	311.49 (9/1)	404.84 (26/12/91)	4.40 (1/6/32)
Industrials	476.81	469.46	467.45	455.98	476.81 (26/12)	364.90 (9/1)	476.81 (26/12/91)	3.62 (21/6/32)
Financial	33.49	32.57	31.92	30.80	33.49 (26/12)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	222.61	219.65	218.13	213.13	222.61 (26/12)	170.97 (9/1)	222.61 (26/12/91)	4.46 (25/4/42)
Amex Mkt. Value	377.52	373.45	370.93	367.22	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	559.30	549.56	543.90	535.76	559.30 (26/12)	355.75 (14/1)	559.30 (26/12/91)	54.87 (31/10/72)

	Dec 20	Dec 13	Dec 6	year ago (approx.)
Dow Industrial Div. Yield	3.13	3.14	3.17	3.92
	Dec 18	Dec 11	Dec 4	year ago (approx.)
S & P Industrial div. yield	2.78	3.22	2.80	3.32
S & P Ind. P/E ratio	23.24	21.05	22.98	15.88

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Citicorp	4,020,800	10⅝	+ ⅝
RJR Nabisco	3,503,800	10⅝	+ ⅛
Am Express	3,165,600	20¼	+ 1
Hanson	3,081,600	19¼	+ ⅛
Navistar	1,565,500	2⅞	+ ⅛
West. Elec	1,544,400	16½	+ 1¼
Gen Electric	1,537,600	75¼	+ 1¼
Glaxo	1,420,200	30⅞	+ ½
Philip Morris	1,389,800	76¼	+ 2⅛
Bristol Myer	1,315,400	86	+ 2⅛

TRADING ACTIVITY

† Volume (Millions)	Dec 26	Dec 24	Dec 23
New York SE	149.280	162.300	228.730
Amex	12.600	11.344	23.785
NASDAQ	133.277	131.457	184.316
NYSE			
Issues Traded	2,170	2,145	2,218
Rises	1,288	1,270	1,411
Falls	440	431	421
Unchanged	442	444	386
New Highs	211	196	199
New Lows	10	15	37

CANADA

TORONTO	Dec 26	Dec 24	Dec 23	Dec 20	1991 HIGH	1991 LOW
Metals & Minerals	(c)	2820.53	2771.19	2750.30	3299.99 (18/7)	2632.06 (9/1)
Composite	(c)	3402.00	3378.15	3340.85	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	(c)	1838.02	1801.30	1770.86	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow peaks again despite signs of profit-taking

Wall Street

US STOCK markets were at new record levels yesterday, in spite of the inevitable post-holiday lull in trading volume and some signs of profit-taking, *writes Nikki Tait in New York.*

With corporate news virtually at a standstill and no economic statistics of significance due, the Dow Jones Industrial Average at 1pm stood at 3,096.15, up 13.19.

This position was mirrored in other indices. The more broadly based Standard & Poor's 500 showed a gain of 0.99 to 405.83 by lunchtime, *although it had* started the morning more than 1.2 points higher. The Nasdaq composite of over-the-counter stocks advanced 4.75 to 564.05. Nasdaq, like the Big Board, is standing at an all-time high.

Advancing stocks, meanwhile, outweighed declining issues by about three to two, while volume on the NYSE was 91m shares – low for "normal" trading days although fairly high for the holiday season.

The continued strength of equities contrasted with a slight weakness in the bond market. During the morning session, for example, the bellwether long bond lost [illegible] to 105[illegible], pushing up the yield to 7.511 per cent. However, trading was exceptionally light and dealers suggested that the bond market *was drifting without* any firm direction.

Buoyancy in share prices, on the other hand, was still being attributed to last week's cut in interest rates – both via the potential stimulus which this might have on the economy, and via the more technical reduction in bond market yields. Yesterday, however, dealers began *to report some* profit-taking, as investors cashed in the gains notched up during the recent run.

This was then offset as institutional fund managers continued to fine-tune portfolios in an effort to end the year in the best possible shape, and by a search for stocks which might have been bypassed in the latest market surge.

Most of the trading volume was concentrated in leading stocks. Philip Morris, up $⅞ at $76⅞, AT&T, $⅞ higher at $39, and Westinghouse, up $⅞ at $16⅞, were among the most actively traded issues showing gains. RJR Nabisco, the tobacco and food group, also added $¼ to $10¾.

General Motors, on the other hand, lost $⅞ to $28, while Citicorp – which rose earlier this week when *it announced that* fourth quarter provisions would be "in line with *management's expectations*" – eased $⅛ to $10⅞.

Retailers, by contrast, were generally weaker as the stock market absorbed reports of a disappointing holiday sales season. Dealings in Tiffany were delayed at the outset, after the upmarket New York-based jewellery group reported a worldwide sales advance of just 1 per cent between November 1 and Christmas Day, and a 3 per cent fall in the US. By the *end of the morning, the shares* were down $2¼ at $42¼.

Transportation stocks were slightly easier, with the Dow Jones Transportation Index almost six points lower.

Canada

TORONTO CLIMBED to new highs at midday, but volume remained thin in a slow post-holiday session. The composite index rose 26.4 to 3,428.4, *advances leading* declines by 218 to 135 in light volume of 5.63m shares valued at C$72.56m.

Royal Trustco firmed C$½ to C$8¼. It said late on Monday that it expected 1991 operating earnings to rise by C$140m over 1990 levels, and that it expected to pay its dividend.

Golds were the only sector to *slip. Comex gold futures fell to* their lowest levels since mid-September as the calm demise of the Soviet Union soothed fears of supply disruptions. Among gold shares, Placer Dome eased C$¼ to C$11⅞ and American Barrick by C$⅞ to C$30.

● The Johannesburg stock market remained shut.

Dimensions shift and change in fund managers' game

Adrian FitzGerald reviews investment performance in 1991 and considers a reduced European weighting

No escape,
No such thing; to dream of
new dimensions,
Cheating checkmate by
painting the king's robe
So that he slides like a queen.
Robert Graves

INTERNATIONAL fund managers must sometimes feel that, like John Major at Maastricht, they are often forced to play a game of "12-dimensional chess". New dimensions appear every year; some disappear; *some change subtly.* Long-term strategic dimensions must be periodically re-examined; shorter-term tactical dimensions must be constantly reviewed.

This year has brought numerous economic and political changes for investors to consider – not least, for UK investors, the outcome of Maastricht and the prospect of ever-closer union with the rest of Europe. Will this increase or decrease the complexity of the international fund management game?

Indeed, are there any pointers emerging from the stock market and investment performance numbers for 1991?

Certainly, any festive spirit will not be in celebration of recent investment performance. It has been a wretched final quarter for most international investors. Sterling-based investors, in particular, will be dejected. By the end of the third quarter they had enjoyed a 27 per cent return from the UK market and 26 per cent from other world markets. These returns for the year have now been whittled down to 14 per cent and 17 per cent respectively.

Making matters worse is the fact that many pension fund managers will not even have *matched the 17 per cent index* return on overseas equities. The distribution of their over*seas portfolios has been shifted* substantially towards Europe in recent years, largely at the expense of exposure to the US and Japan.

And, as the table shows, continental Europe has not been the most rewarding investment area for them this year. Their underweight position in Japan has, of course, proved to be a correct one, although some investors must now be feeling stung if reports of significant re-investment programmes earlier in the year are well-founded.

UK-based investors *most* likely to be clapping themselves on the back this year will have ensured that their portfolios had significant exposure to the US (29 per cent sterling return) and the Pacific Basin ex Japan (34 per cent). Special mention must also be made of Mexico (129 per cent), the best performing market in the FT-Actuaries series for the third year in a row and the provider of sterling returns close to 700 per cent over that period.

There have been few places like home for dollar-based investors. The world excluding the US has provided a dollar return of just 8 per cent compared with the US domestic return of 25 per cent.

STERLING AND DOLLAR TOTAL RETURNS 1991

Index*	Sterling returns 9 months (to 30.9)	Sterling returns Full year (to 23.12)	US dollar returns 9 months (to 30.9)	US dollar returns Full year (to 23.12)
UK	27.1	14.3	15.4	11.1
US	33.3	28.7	21.1	25.2
Japan	20.7	6.4	9.7	3.4
Europe ex UK	16.6	10.6	6.1	7.8
Europe	21.1	12.3	10.0	9.1
Pacific Basin	22.3	8.5	11.1	5.5
Pac Basin ex Japan	41.6	34.0	28.8	30.3
World ex UK	26.1	17.3	14.6	14.1
World ex US	22.3	10.7	11.1	7.6
World	26.2	16.9	14.6	13.7

*FT-Actuaries World Indices

Interestingly, however, the final quarter of the year has been a far less trau*matic experience for US-based* investors than for UK and other European investors. The US market has held up well and falls in other stock markets, particularly throughout Europe, have been largely offset by the strength of currencies relative to the dollar. And here is the key to one of the more important features of 1991.

As we always knew was likely, we have lost a currency dimension. Sterling now moves broadly in line with other European currencies, unlike in previous years when substantial currency movements could add to, or subtract from, the returns earned from other *European markets. The* D-Mark is just 1.5 per cent higher against sterling than it *was a year ago, for example.* Over the previous three years we have experienced movements of –6 per cent in 1990, 18 per cent in 1989, –8 per cent in 1988.

So, whatever their reluctance or misgivings, UK investors really have to recognise that the UK is now part of the European bloc. Wild currency swings can no longer be expected to play a large role in differentiating UK returns from *those earned in the rest of* Europe.

More arguably, investors *must expect some convergence* in underlying stock market performances if, and when, fur*ther economic convergence is* achieved.

This convergence poses *important questions for UK-*based investors to answer, while reviewing the strategic dimension to their policy for 1992 and beyond. The increased exposure to Europe made in recent years by the typical pension fund has been achieved at the expense of exposure to other overseas markets, not the UK market.

Assuming that, following hard on the heels of currency convergence, we do start to witness economic and stock market convergence, the typical pension fund will now find *itself less well diversified.* A greater proportion of the overall fund will now be subject to *the same factors and the same* risks. Moreover, the fund will not benefit to the same extent in any period when the non-European markets and currencies perform relatively well.

Is there not, therefore, a case for unwinding at least some of the weighting built up in the rest of Europe? Or, perhaps, reducing the weightings in the UK and shipping the proceeds into non-European markets?

Admittedly, these are heavy *questions to chew over during* what is left of the festive season. However, they will have *to be faced. No doubt the* immediate concern of investors is the short-term tactical *dimension to their policy.*

The economic outlook worldwide becomes more depressing almost daily as 1991 draws to a close. The odds now seem to be swinging in favour of a double-dip recession; and that "feel-good factor", much in evidence earlier in the year, is now only whispered. Interest rates are rising across the rest of Europe but are still being lowered in the US. It is anyone's guess what the next UK move will be.

To top it all, both the UK and the US are already in electioneering mode. Yes, interna*tional investors face a bewil*dering set of unknowns as 1992 approaches. And UK investors *have some tough strategic* thinking to do. Twelve-dimensional chess was undoubtedly designed to be played only by the clear-headed.

Adrian FitzGerald is director of equity research at County NatWest WoodMac.

EUROPE

Returning bourses celebrate New York's record high

MOST OF the bourses closed on Thursday celebrated Wall Street's overnight record high on their return yesterday, *writes Our Markets Staff.*

FRANKFURT gained more on the day than it did on the week. The FAZ and DAX indices each rose by 1.6 per cent – *10.16 to 636.91 for the former at* midsession, and 23.67 to 1,563.59 for the latter at the close. *Gains on the week were* 1.2 and 1.3 per cent respectively.

Volume rose from DM2.1bn on Monday to DM2.5bn. Carmakers and retailers showed some of the biggest rises, Volkswagen putting on DM7.40 *to DM295.40 on production* prospects, and Karstadt DM17.50 to DM621 on Christmas sales.

OSLO recovered after a string of lows, the all-share index rising by 17.12 to 408.37, up 4.4 per cent on the day and 3.4 per cent on the week, with impetus from both the industry index, which includes oil stocks, and shipping.

Turnover was an active NKr491.4m, owing to year-end dispositions which, dealers suspected, might have to do with funds taking profits for the year-end closing of books.

MADRID saw a more restrained repetition of Thursday's trading. The general index rose 1.8 to 237.31, for a rise on the week of 2 per cent, *in moderate turnover of about* Pta15bn, down from Pta19bn.

Banco Hispano Americano was again unusually active, rising *Pta25* to *Pta3,045* in volume of 1.16m shares. Hispano and Banco Central yesterday signed their merger agreement and Generali of Italy said that it had acquired a 5 per cent stake in the newly merged bank. Hispamer, in which Hispano is *offering* to buy in the minority shareholdings, jumped another Pta270 or 10.3 *per cent to Pta2,900.*

PARIS was pushed higher by Wall Street and pulled lower by profit-taking, before closing almost unchanged. The CAC 40 ended 1.83 down at 1,720.65, but gained 4.4 per cent on the week, more than recouping the ground lost after the German Bundesbank's interest rate rise. Turnover was thin at about FFr1.2bn.

Hachette continued to benefit from its comments that it would not support the troubled La Cinq television channel unaided, rising another FFr5.80 or 4.5 per cent to FFr135.90.

AMSTERDAM rose in thin trading. The CBS Tendency index added 1.0 to 88.4, a gain on the week of 2.1 per cent. Begemann extended Tuesday's *11 per cent rise with a gain of* Fl 8 or 6.3 per cent to Fl 135, after it abandoned a bid.

MILAN rose in meagre trade, the Comit index closing 6.43 higher at 496.66 for rises on the day and week of 1.3 per cent and 1.1 per cent respectively. Blue chips led the way.

STOCKHOLM featured a further recovery in the telecommunications group, *Ericsson,* which was even more spectacular than its recent drop. The B shares rose another SKr12 to SKr111 after a gain of SKr6 on Monday on news of a contract to supply mobile telephone equipment to Japan.

The Affärsvärlden General index rose 26.5 to 906.7, up 3.8 per cent on the week.

ZURICH registered a 1.8 per cent rise, the Crédit Suisse index gaining 5.5 to 450.1, up 3 per cent on the week.

BRUSSELS watched Gechem, the polyurethane maker, fall again after its recent advance. Its preferred shares dropped BFr36 or 10 per cent to FFr312. The rest of the market was steady.

FT-SE Eurotrack 100 - Dec 27

Hourly changes

Open	10 am	10.30	11 am	11.30	12 pm	Close	
1056.78	1056.86	1057.21	1056.88	1056.27	1055.86	1055.30	-

Day's High 1057.65 Day's Low 1052.41

Dec 24	Dec 23	Dec 20	Dec 19	Dec 18
1042.60	1026.29	1032.92	1043.04	1055.55

Base value 1000 (26/10/90).

ASIA PACIFIC

Nikkei falls on supply and demand worries

Tokyo

WALL STREET's overnight strength had a limited effect on Japanese equities yesterday, *writes Emiko Terazono in Tokyo.*

After a rise in the morning session, encouraged by Thursday's record high in New York and a rally in the bond market, the Nikkei average closed 117.75 lower at 22,437.32, still 3 per cent higher on the week.

The high for the day was 22,609.70, and the low 22,388.62. Liquidation of positions by dealers and a fall in the futures market caused the downturn.

Volume remained subdued at 210m shares. Declines led advances by 602 to 336 with 183 unchanged. The Topix index of all first section stocks fell 10.32 to 1,675.23 and, in London, the *ISE/Nikkei 50 index lost 3.30 to* 1,257.20.

The day started auspiciously in Tokyo, on bond market hopes of an early discount rate cut. A spate of economic indicators has confirmed a continuing slowdown in the Japanese economy this week and the yen has risen against the dollar, which fell below Y126 for the first time in 14 months, closing at Y125.75.

"The market is worried about the supply and demand situation rather than economic fundamentals," said an official at Daiwa Securities. He added that companies had started to liquidate stock holdings in trust funds. Selling of *long-term holdings by banks* and other financial institutions has also been noted in the past few weeks.

Konica plunged Y75 to Y735, a low for the year, in heavy selling on reports that a speculator, rumoured to be corner*ing the stock, had committed* suicide. Other speculative issues also fell, with Toyo Ink down Y25 at Y855 and Okamoto losing Y26 to Y955.

Profit-taking hit public works-related issues, which had risen on Thursday on *hopes of an increase in govern*ment spending. Nishimatsu Construction lost Y50 to Y1,180 and Penta-Ocean Construction Y10 to Y970.

In Osaka, the OSE average added 72.77 to 23,939.49 in volume of 26.6m shares. Small-lot *buying supported* share prices, while cross-trading by pension funds and companies in bigger volume pushed up turnover.

Sumitomo Chemical, Osaka's *most active issue of the day,* remained unchanged at Y465 and Sumitomo Bank, which was also heavily traded, was flat at Y2,010.

Roundup

OTHER MARKETS in the region were more responsive to Wall Street than Tokyo. South Korea, New Zealand and Indonesia were still on holiday.

HONG KONG saw its steepest gains in property shares, as the Hang Seng index rose 43.44 *to 4,236.20,* up 2.3 per cent on the week. Turnover rose from Tuesday's half-day HK$718m to *HK$1.01bn as dealers talked* about prospects of an interest rate cut.

AUSTRALIA was led by a jump in the futures market, although profit-taking late in the day trimmed the gain. The All Ordinaries index closed *19.8, or 1.3 per cent, higher at* 1,594.9, up 1.4 per cent on the week, in turnover of A$183m.

News Corp gained A$1 to A$14 on Wall Street's strength. BHP, Australia's biggest company, rose 18 cents to A$13.10 and Coles Myer, the country's biggest retailer, rose 10 cents to A$12.10.

SINGAPORE *also noted prof*it-taking as the Straits Times Industrial index put on 11.09 to 1,467.87, up 2.9 per cent on the week. As with Malaysia, it has seen relatively active buying from government investment funds in recent weeks.

KUALA LUMPUR, like Singapore, took a cautious line on trading, with most fund managers away on year-end holidays, and expected to be absent next week as well. The composite index closed fractionally higher at 551.80, up 1.32 on the day and 2.1 per cent on the week.

TAIWAN enjoyed brisk trad*ing, turnover rising from* T$25.9bn to T$29.1bn as the weighted index gained 10.97 to close at 4,540.55 following a rise of 80 points on Thursday. The index picked up 2.1 per cent over the week. **BANGKOK** extended its uptrend, with *strength in banks and other* blue chips leaving the SET index 4.41 higher at 702.60, up 2.3 per cent on the week.

MANILA gained 1.1 per cent on the day and 2.9 per cent on the week as the composite index rose 13.09 to 1,151.87.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY DECEMBER 26 1991 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY DECEMBER 24 1991 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1991 High	1991 Low	Year ago (approx)
Australia (69)	143.93	+0.0	113.14	115.27	112.88	125.78	+0.0	4.42	143.92	113.74	115.63	113.66	125.78	160.31	112.74	117.55
Austria (20)	166.36	+0.0	130.77	133.24	130.47	131.19	+0.0	2.20	166.36	131.47	133.66	131.36	131.19	222.37	153.66	193.08
Belgium (47)	142.38	+0.0	111.92	114.02	111.66	109.90	+0.0	5.39	142.38	112.52	114.38	112.44	109.90	151.20	118.04	129.30
Canada (115)	131.75	−0.1	103.57	105.51	103.32	110.76	+0.0	3.31	131.92	104.25	105.98	104.17	110.76	144.26	126.49	128.65
Denmark (37)	265.08	+0.0	208.38	212.31	207.90	213.26	+0.0	1.68	265.08	209.49	212.98	209.34	213.26	270.56	217.74	229.91
Finland (15)	74.28	+0.0	58.39	59.49	58.26	64.38	+0.0	3.79	74.28	58.70	59.68	58.66	64.38	125.15	73.32	101.77
France (109)	147.54	+1.8	115.98	118.15	115.70	119.37	+1.1	3.71	144.92	114.53	116.42	114.44	118.04	152.26	119.11	128.93
Germany (65)	115.38	+0.7	90.70	92.42	90.49	90.49	+0.0	2.55	114.59	90.56	92.07	90.49	90.49	125.35	94.15	110.66
Hong Kong (55)	171.93	+0.0	135.16	137.70	134.85	171.52	+0.0	4.34	171.93	135.88	138.13	135.79	171.52	176.14	119.62	123.34
Ireland (18)	164.02	+0.0	128.93	131.36	128.63	132.14	+0.0	3.79	164.02	129.62	131.78	129.53	132.14	182.46	132.88	146.71
Italy (77)	72.78	+0.6	57.21	58.29	57.08	62.15	+0.0	3.73	72.34	57.17	58.11	57.12	62.15	88.23	64.76	77.10
Japan (474)	131.28	+3.5	103.18	105.12	102.95	105.12	+3.1	0.81	126.85	100.25	101.91	100.19	101.91	146.97	118.23	124.37
Malaysia (68)	210.97	+0.3	165.84	168.96	165.45	221.86	+0.3	2.82	210.34	166.23	168.99	166.11	221.20	247.78	189.18	206.87
Mexico (17)	1314.59	+0.0	1033.40	1052.85	1030.99	4370.86	+0.0	1.17	1314.59	1038.92	1056.17	1038.17	4370.86	1404.63	534.45	580.88
Netherland (31)	151.84	+0.7	119.36	121.60	119.08	117.68	+0.0	4.58	150.73	119.12	121.10	119.04	117.88	151.84	125.70	131.74
New Zealand (14)	46.29	+0.0	36.39	37.08	36.31	45.12	+0.0	8.09	46.29	36.58	37.19	36.56	45.12	54.64	41.18	42.90
Norway (30)	169.95	+0.0	133.59	136.11	133.29	138.00	+0.0	1.87	169.95	134.31	136.54	134.21	138.00	223.24	157.08	198.26
Singapore (38)	213.85	+0.7	168.11	171.27	167.71	160.39	+0.7	2.17	212.32	167.79	170.58	167.67	159.24	213.93	151.63	156.94
South Africa (61)	246.11	+0.0	193.47	197.10	193.01	172.15	+0.0	2.86	246.11	194.50	197.73	194.36	172.15	271.99	173.00	182.56
Spain (53)	150.76	+1.8	118.51	120.75	118.24	109.76	+1.2	5.04	148.14	117.08	119.03	116.99	108.41	171.12	131.51	136.23
Sweden (25)	171.91	+0.0	135.14	137.68	134.82	141.30	+0.0	3.16	171.91	135.86	138.12	135.76	141.30	204.12	146.60	155.73
Switzerland (52)	98.78	+0.5	77.63	79.10	77.46	82.32	+0.0	2.43	98.25	77.64	78.94	77.60	82.32	100.67	82.17	87.10
United Kingdom (235)	179.02	+0.5	140.73	143.36	140.39	140.73	+0.0	5.29	178.07	140.73	143.05	140.61	140.73	187.44	156.27	163.70
USA (525)	165.05	+1.4	129.75	132.20	129.45	165.05	+1.4	2.96	162.71	128.59	130.73	128.50	162.71	165.05	125.95	132.72
Europe (821)	143.86	+0.8	113.09	115.22	112.83	113.73	+0.2	4.24	142.78	112.84	114.72	112.77	113.50	151.52	125.50	132.49
Nordic (107)	178.21	+0.0	140.09	142.73	139.76	139.77	+0.0	2.31	178.21	140.84	143.16	140.74	139.77	200.81	155.55	184.55
Pacific Basin (718)	132.54	+3.1	104.19	106.15	103.95	107.51	+2.8	1.14	128.53	101.57	103.26	101.50	104.55	145.92	117.86	123.75
Euro – Pacific (1539)	137.38	+2.1	107.99	110.02	107.74	110.73	+1.7	2.43	134.53	106.31	108.07	106.23	108.86	147.66	121.29	127.65
North America (640)	162.94	+1.4	128.09	130.51	127.81	161.35	+1.4	2.97	160.75	127.04	129.16	126.97	159.17	162.94	125.91	132.39
Europe Ex. UK (586)	122.66	+0.9	96.42	98.25	96.22	98.15	+0.4	3.46	121.55	96.06	97.67	96.01	97.80	129.80	103.58	113.47
Pacific Ex. Japan (244)	145.21	+0.1	114.15	116.32	113.90	130.19	+0.1	4.07	145.06	114.64	116.56	114.57	130.06	153.19	111.40	115.76
World Ex. US (1732)	139.07	+2.0	109.32	111.39	109.07	112.44	+1.8	2.46	136.36	107.76	109.56	107.69	110.65	148.16	122.32	128.49
World Ex. UK (2022)	143.71	+1.9	112.97	115.10	112.72	127.46	+1.7	2.34	140.99	111.43	113.28	111.36	125.29	146.16	120.06	125.53
World Ex. So. Af. (2196)	146.14	+1.8	114.88	117.06	114.63	128.36	+1.6	2.64	143.55	113.45	115.34	113.38	126.38	148.66	122.92	128.59
World Ex. Japan (1783)	156.39	+1.1	122.94	125.27	122.67	141.95	+0.9	3.46	154.77	122.31	124.36	122.24	140.74	156.39	126.69	132.56
The World Index (2257)	146.79	+1.8	115.39	117.57	115.13	128.75	+1.5	2.65	144.22	113.98	115.87	113.90	126.79	149.37	123.28	126.92

The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities Limited. Markets open December 26: France, Japan, Malaysia, Singapore, Spain and USA. Latest prices were unavailable for this edition.
Following the agreed acquisition of Nora Inds. (Norway) by Orkla (Norway), Nora Inds. will be deleted with effect 30/12/91.
The industrial classification of Orkla will be changed to Food-Sugar/Confectionery with effect 1/1/92.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
12¾pc 1992‡‡		100⅛xd	—	101½	100⅛	12.73	10.64
10pc 1992		99[illegible]	—	100[illegible]	97[illegible]	10.02	10.65
2pc IL 1992‡‡		134[illegible]	—	134[illegible]	125[illegible]	2.83	9.28
8pc 1992 ‡‡		99[illegible]	—	99[illegible]	95[illegible]	8.07	10.58
10½pc Cv 1992‡‡		99[illegible]	—	100[illegible]	98½	10.51	10.56
3pc 1992		97[illegible]	—	97[illegible]	91[illegible]	3.07	8.24
Exch 12¼pc 1992		101	—	102[illegible]	100⅝	12.13	10.57
13½pc 1992		102	—	104⅛	102	13.24	10.47
Treas 8¼pc 1993		97⅞	—	98⅞	94	8.43	10.20
10pc 1993‡‡		99[illegible]	—	100¾	97[illegible]	10.02	10.12
12½pc 1993‡‡		103[illegible]xd	—	104¾	102[illegible]	12.10	10.16
Funding 6pc 1993‡‡		95[illegible]	—	95⅞	89⅝	6.30	9.04
Treas 13¾pc 1993‡‡		106[illegible]xd	—	108[illegible]	105⅝	12.97	10.16
8½pc 1994		97⅛	—	97⅞	92[illegible]	8.75	10.00
14½pc 1994‡‡		108¼	—	111⅛	108¼	13.39	10.12
Exch 13½pc 1994		106¾	—	109	105[illegible]	12.65	10.10
Treas 10pc Ln 1994‡‡		99[illegible]	+[illegible]	101[illegible]	96[illegible]	10.01	10.02
Exch 12½pc 1994		105[illegible]	—	107⅛	103⅝	11.87	10.13
Treas 9pc 1994‡‡		97[illegible]	+[illegible]	98[illegible]	93¼	9.22	9.93
12pc 1995		105[illegible]	+[illegible]	106[illegible]	102[illegible]	11.43	10.05
Exch 3pc Gas 90–95		88¼	—	89	82¼	3.40	6.51
10¼pc 1995		100[illegible]xd	+[illegible]	102[illegible]	96[illegible]	10.18	9.99
Treas 12¾pc 1995‡‡		108[illegible]	+[illegible]	110[illegible]	105[illegible]	11.74	10.00
14pc 1996		112¼xd	+[illegible]	114[illegible]	109[illegible]	12.47	10.22
9pc 1992–96‡‡		98	—	99[illegible]	92[illegible]	9.18	9.56
15¼pc 1996‡‡		117[illegible]	+[illegible]	119[illegible]	115[illegible]	13.00	10.18
Exch 13¼pc 1996‡‡		110[illegible]	+[illegible]	112[illegible]	108	11.97	10.13
Conversion 10pc 1996		100[illegible]	—	101[illegible]	95[illegible]	9.98	9.91
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		112⅛xd	+[illegible]	114[illegible]	108[illegible]	11.82	10.10
Exch 10½pc 1997		102[illegible]	+[illegible]	103[illegible]	97¼	10.28	9.90
Treas 8¾pc 1997‡‡		95[illegible]	+[illegible]	96[illegible]	89[illegible]	9.18	9.82
Exch 15pc 1997		120[illegible]	+[illegible]	123[illegible]	117	12.42	10.15
9¾pc 1998		99[illegible]xd	+[illegible]	100[illegible]	93[illegible]	9.80	9.86
Treas 6¾pc 1995–98‡‡		87[illegible]	+[illegible]	88[illegible]	80⅝	7.86	9.31
15½pc '98‡‡		126[illegible]	+⅛	128¼	121¾	12.27	10.02

BRITISH FUNDS - Cont.

Stock	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
Exch 12pc 1998		110[illegible]	+[illegible]	111[illegible]	104⅞	10.90	9.92
Treas 9½pc 1999‡‡		99⅛xd	+⅛	100[illegible]	92[illegible]	9.58	9.66
Exch 12¼pc 1999		111[illegible]	+[illegible]	113⅝	105[illegible]	10.97	9.92
Treas 10½pc 1999		103[illegible]	+[illegible]	104[illegible]	97[illegible]	10.15	9.82
Conversion 10¼pc 1999		102¼	+⅛	103⅝	95[illegible]	10.02	9.82
9pc 2000‡‡		96⅛	+⅛	97[illegible]	89⅛	9.34	9.64
Treas 13pc 2000		117⅛xd	+⅛	118[illegible]	110½	11.10	9.97
10pc 2001		101[illegible]	+¼	103[illegible]	94[illegible]	9.83	9.68
14pc '98–01		118	+⅛	119[illegible]	113[illegible]	11.88	10.10
9¾pc 2002		100½	+[illegible]	101[illegible]	92[illegible]	9.70	9.65
10pc 2003		102[illegible]	+[illegible]	104[illegible]	94[illegible]	9.76	9.63
Treas 11½pc 2001–04		109⅛xd	+⅛	111	102	10.50	9.89
Funding 3½pc '99–04		61xd	+⅛	62⅞	53[illegible]	5.74	8.65
Conversion 9½pc 2004		99[illegible]	+⅛	100[illegible]	90[illegible]	9.59	9.61
9½pc 2004 A		99[illegible]	+[illegible]	100[illegible]	96[illegible]	9.58	9.61
9½pc 2005		99[illegible]	+[illegible]	100[illegible]	90[illegible]	9.58	9.59
Treas 12½pc 2003–05		119¾	+⅛	121[illegible]	111	10.44	9.56
8pc 2002–06‡‡		87⅝	+[illegible]	88[illegible]	79[illegible]	9.13	9.58
Over Fifteen Years							
Treas 11¾pc 2003–07		113⅞xd	+[illegible]	115[illegible]	105[illegible]	10.32	9.67
8½pc 2007 ‡‡		92[illegible]xd	+[illegible]	93[illegible]	84[illegible]	9.23	9.48
8½pc 2007 A●		19[illegible]	+[illegible]	20[illegible]	18[illegible]	9.20	9.45
13½pc '04–08		127[illegible]	+[illegible]	129⅝	116[illegible]	10.62	9.65
9pc 2008 ‡‡		96¼	+⅛	98	88[illegible]	9.36	9.45
8pc 2009		87[illegible]	+[illegible]	89[illegible]	80	9.13	9.44
Conv 9pc Ln 2011 ‡‡		95¼	+[illegible]	97[illegible]	88[illegible]	9.35	9.42
9pc 2011 A		95⅝xd	—	96[illegible]	91[illegible]	9.51	9.42
9pc 2011 B		38[illegible]	—	37[illegible]	33[illegible]	9.28	9.42
Treas 5½pc 2008–12‡‡		64[illegible]	+[illegible]	66	58[illegible]	8.50	9.39
7¾pc 2012–15‡‡		84[illegible]xd	+⅛	85[illegible]	76[illegible]	9.22	9.46
Exch 12pc '13–'17		123¼	+[illegible]	125¼	113[illegible]	9.74	9.46
Undated							
Consols 4pc		40¾xd	+[illegible]	41¾	37[illegible]	9.82	—
War Loan 3½pc‡‡		36[illegible]	+[illegible]	37⅞	33[illegible]	9.57	—
Conv 3½pc '61 Aft		59[illegible]	+[illegible]	60[illegible]	57¾	5.85	—
Treas 3pc '66 Aft		29[illegible]xd	—	30[illegible]	28¼	10.01	—
Consols 2½pc		25[illegible]	—	26[illegible]	23⅝	9.82	—
Treas. 2½pc		25[illegible]	—	26[illegible]	23[illegible]	9.91	—

BRITISH FUNDS - Cont.

Index – Linked	Notes (b)	Price £	+ or -	1991 high	1991 low	Yield Int. (1)	Yield Red. (2)
Treas. 2pc '94	(102.9)	122[illegible]	—	123¼	115[illegible]	2.94	4.04
2pc '96	(67.9)	176½	—	177⅞	168[illegible]	3.58	4.16
2½pc '01	(78.3)	149[illegible]	—	145⅞	137[illegible]	4.09	4.41
2½pc '03	(78.8)	138[illegible]	—	141[illegible]	133	4.16	4.43
2pc '06	(69.5)	148½xd	—	143[illegible]	135	4.23	4.44
2½pc '09	(78.8)	128[illegible]	—	131[illegible]	124[illegible]	4.25	4.44
2½pc '11	(74.6)	132[illegible]	—	135[illegible]	128[illegible]	4.26	4.44
2½pc '13	(89.2)	108[illegible]	—	111[illegible]	105⅞	4.28	4.43
2½pc '16	(81.6)	115⅛xd	—	118[illegible]	113[illegible]	4.26	4.42
2½pc '20	(83.0)	110[illegible]xd	—	113[illegible]	109½	4.26	4.39
2½pc '24‡‡	(97.7)	91⅛xd	—	95⅛	91⅛	4.25	4.38

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to *reflect rebasing of RPI to 100 in January 1987. Conversion factor* 3.945. RPI for April 1991: 133.1 and for November 1991: 135.6

OTHER FIXED INTEREST

Stock	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		105[illegible]	+⅛	107⅞	95⅞	10.70	10.33
Asian Dev 10¼pc 2009		101[illegible]	+⅛	102⅝	91⅞	10.33	10.10
B'ham 11½pc 2012		103¾	—	105¼	100½	11.33	11.03
Ireland Cap 8½pc '10		96⅜	—	97¼	88½	8.90	—
9pc Cap 1996		98	—	99	93	9.17	—
13pc '97–02		113½	—	115	109½	11.35	—
GLC 6¾pc 1990–92		99[illegible]	—	99[illegible]	93½	6.82	10.80
Hydro Quebec 15pc 2011		131[illegible]	+⅛	133[illegible]	120[illegible]	[illegible]	11.04
Int–Am Dev 12½pc 2003		114[illegible]	+⅛	116[illegible]	105[illegible]	11.09	10.24
9¾pc 2015		96[illegible]	+⅛	97[illegible]	86⅞	10.37	10.16
Leeds 13½pc 2006		116¾	—	119½	110½	11.89	11.15
Liverpool 3½pc Irred		30	—	31	28	11.67	—
LCC 3pc '20 Aft		27	—	27½	25	11.11	—
Manchester 11½pc 2007		104½	—	105½	97½	11.27	10.90
Met. Wtr 3pc 'B'		53	—	53½	52	5.77	9.96
N'wide Anglia 3⅞pc 2021		104½	—	105¼	102	—	5.52
4¼pc IL 2024		104½	—	107¾	104	—	5.35
Sth Rhod 87–92 Assd		98½	—	98½	84½	4.82	—
Utd Mex States 16½pc 2008		123	—	125½	101	13.33	12.94

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991 high	1991 low	Mkt Cap £m	Yld Gr's
Abbott Labs		35¾xd	+⅝	35⅞	20⅞	13,944	1.6
♥Allegheny & W		223p	—	305p	218p	121.1	7.2
Amdahl		727pxd	—	16⅛	667p	867.8	0.8
Amer Cyanamid		32⅛	—	42⅛	25⅞	2,926	2.8
Amer Express		10[illegible]xd	+[illegible]	17⅞	9[illegible]	5,145	5.2
Amer T & T		20[illegible]xd	-[illegible]	24½	15¼	26,595	3.6
Ameritech		34[illegible]	—	38⅞	32½	14,913	5.6
BankAmerica		20¼xd	+[illegible]	28[illegible]	12[illegible]	4,482	3.4
Bankers NY		35[illegible]xd	+[illegible]	35[illegible]	20[illegible]	2,783	6.1
Bell Atlantic		25[illegible]xd	—	30½	24[illegible]	10,859	5.5
BellSouth		28½	—	31¼	25	12,658	5.8
♥Bethlehem Steel		8¼xd	+¼	11¼	6[illegible]	614.3	3.3
Bowater		1040p	—	1839p	1042p	375.7	6.4
CPC		47¼xd	-⅜	54[illegible]	37[illegible]	3,571	2.4
California Engy		749p	—	950p	430p	135.8	—
Campbell Soup		47[illegible]xd	—	50	28¼	5,474	1.9
Chase Manhattan		9½	+[illegible]	12[illegible]	5[illegible]	1,291	7.2
Chrysler		6[illegible]	-⅛	9[illegible]	5⅜	1,729	5.6
Citicorp		5[illegible]xd	+¾	10[illegible]	4[illegible]	1,932	—
Colgate-Palm		26[illegible]xd	+¼	26⅝	21[illegible]	3,717	2.3
Cont'l Bank		480p	—	525p	430p	464.8	7.3
Dana		14¼xd	—	21⅝	13⅝	580.8	6.4
Data General		707p	—	1202p	203p	211.6	—
Dial		23½xd	+⅞	25⅝	12[illegible]	593.8	3.3
Dun & Brad		27	—	29⅝	20¼	4,814	4.5
Exxon		31[illegible]	—	40	24¼	1,062	4.0
Echlin		7[illegible]	+[illegible]	8½	5½	398.9	5.6
FPL		19[illegible]xd	-⅛	27½	14[illegible]	3,294	6.9
Fluor		23⅛xd	+⅜	30[illegible]	17[illegible]	1,871	1.0
Ford Motor		15xd	+¼	23[illegible]	13	7,101	3.7
Gen Elect		39¼xd	+1⅜	46[illegible]	28[illegible]	34,447	2.9
♥General Host		380p	—	505p	270p	—	5.6
Gillette		27½xd	+[illegible]	45⅞	20⅞	6,918	1.3
Hasbro		19½	—	22¼	794p	1,718	0.7
Honeywell		33⅛xd	+1[illegible]	38½	21⅜	2,510	2.8
Houston Inds		22⅞	—	23½	17⅞	2,940	7.3
IBM		46[illegible]xd	-[illegible]	72[illegible]	46	26,747	5.8
Ingersoll-Rand		25[illegible]xd	+[illegible]	32½	18[illegible]	1,356	2.8
Lockheed		23¼xd	—	28⅛	16⅜	1,472	4.8
Lowe's		1395p	—	2165p	1245p	505.4	2.3
Man Hanover ♦		13⅝xd	+[illegible]	16[illegible]	9½	1,017	13.8
Merrill Lynch		30xd	+1[illegible]	32⅞	10[illegible]	3,879	1.9

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

حكزامن الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1991 high	1991 low	Yld Gr's	NAV	Dis or Pm(-)
Sphere Inc		19	+½	25	18	27.2	20.0	7.5
Zero Div Pf		56	+½	60½	53¾	—	—	—
Warrants		3	—	8½	2¾	—	—	—
Strata		140	—	154	104	1.3	175.1	16.8
Stratton		147	—	180	120	1.7	171.8	14.5
TR City of Lon		[illegible]	+1½	121¼	90	8.6	105.5	−1.9
TR Euro Growth	s	[illegible]	—	104	78	1.6	92.7	7.2
Ptg Sub	s	54	—	58	40	2.5	—	—
TR Far East Inc		77	—	94	56	7.3	89.6	14.3
Warrants		16	—	23	12	—	—	—
TR High Inc	H	100	—	116	85	9.1	92.3	−9.4
Sub	g	34	—	35	24	5.9	—	—
TR Pacific		[illegible]	+1	82	49	0.5	77.3	14.0
TR Prop		25xd	—	37	25	7.7	34.3	25.6
TR Smaller		134	—	155	98	3.7	140.7	4.8
TR Technology	M	32	—	82	20	7.7	80.0	80.0
Stepped Pf		93¾	—	94½	70½	8.2	—	—
Zero Pf		154	−½	155½	117½	—	—	—
Temple Bar	†	251	+8	276	210	8.3	264.0	6.0
8pc 2002		£113½	—	£114½	£102½	8.2	—	—
Temple Bar Mkts	ss	183	+1	175	92	0.6	182.1	−1.1
Warrants		59	—	68	27	—	—	—
1pc Cv 2001		£108½	−2	£107½	£90½	0.9	—	—
Thornton Asian		62	+4	72	50	1.1	66.8	13.1
Warrants		10	—	18	9	—	—	—
Thornton Pan Euro		27	—	31	25	4.2	29.6	8.5
Warrants		6	—	10	5	—	—	—
Throg Dual Inc		90xd	+1	109	93	11.8	—	—
Cap		345	+5	400	280	—	622.4	44.6
Throgmorton		45	+1	54	45	6.2	64.2	29.1
Warrants		13	—	26	13	—	—	—
Throg USM		101	—	119	81	4.0	122.6	17.5
Warrants		16	—	27	14	—	—	—
Tor Inc		400	+2	633	400	11.1	—	—
Cap		620	—	735	595	0.8	1047.4	39.4
Tribune		224	—	258	189	3.5	264.0	15.1
Trust of Prop		51	—	77	40	3.6	76.5	29.4
USDC		150	—	165	133	3.6	186.8	19.6
US Smaller Cos		93	—	100	93	—	88.3	−5.4
Warrants		38	—	41	25	—	—	—

MISCELLANEOUS - Cont.

	Notes	Price	+ or -	1991 high	1991 low	Mkt Cap£m	Yld Gr's	P/E
Business Tech	‡	22	—	99	27	5.82	‡	3.7
CRT	a	121	—	123	71	87.3	1.7	22.4
Calderburn	†	146	—	166	98	30.1	7.0	11.8
Cassidy Bros		50	—	55	35	3.19	3.4	13.0
Christies Intl		144	+8	263	120	226.8	7.7	9.8
Classic T'orde IE		4	+¼	8	2	2.71	—	—
Colstax & F		60	—	66	34	14.8	5.8	13.0
Copymore	†	46	—	65	33	4.95	7.2	9.3
Cornwell P'ker A		190	—	193	117	76.6	3.9	14.4
Cosalt		150xd	—	166	116	17.2	9.6	10.7
Cowan de Grt		16	—	23	8	3.01	—	—
Cresta		28	—	42	28	22.4	9.5	3.1
Danka Bus Syst	†	172	—	196	120	94.7	2.3	6.9
Delaney		7	—	15	5	3.70	—	—
Dixie Heel		11	—	18	11	1.40	11.5	6.9
Dudley Jenkins		66	—	107	66	8.21	6.2	—
EFG	‡	13	—	30	11	2.00	‡	—
EW Fact	†	118	—	138	92	6.98	4.7	11.9
Ebief		23	—	27	13	2.92	2.9	—
Erskine House		76xd	+1	86	37	35.1	11.8	4.8
7¾pc Cv Pf		58	—	62	33	15.8	16.7	—
Eurocopy		96	—	108	76	43.3	5.9	7.0
Excalibur		37	−2	66	37	22.0	6.5	5.0
Expedier	‡	8	—	47	8	3.56	‡	—
Faber Prest		218xd	—	243	125	17.8	5.3	♦
Fairway (London)		50	—	158	37	16.5	8.3	13.9
FII		430	—	441	340	60.6	4.0	11.7
Fitzwilton IE	g	66	—	66	58	65.5	7.9	8.1
Flagstone		1¾	—	4½	1¾	2.48	—	—
Fogas IE		216	—	235	176	82.5	4.4	10.5
Futura	‡	46	—	97	45	1.78	‡	—
Gestetner		112	—	249	108	197.8	10.4	♦
Global	†	12	—	28	8	14.5	5.6	6.0
Gt Southern	†	246	—	258	185	31.4	4.6	15.7
Haemocell		183	—	199	92	22.4	—	—
Halls Homes	‡	6	—	15	6	2.83	‡	—
Hartstone	¶	272	—	328	153	182.2	2.5	20.2
Hawtal Whiting		78	—	100	65	8.11	7.8	19.8
Headlam		43	+2	54	37	3.87	7.6	14.1
Heath (S)		105	—	128	105	3.35	7.0	13.3

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

STORES - Cont.

MINES - Cont.

OTHER FINANCIAL

TELEPHONE NETWORKS

TEXTILES

PROPERTY

MEDIA

MOTORS

TRANSPORT

MERCHANT BANKS

WATER

OIL & GAS

OTHER INDUSTRIAL MATERIALS

METALS & METAL FORMING

SOUTH AFRICANS

PLANTATIONS

STORES

MINES

MISCELLANEOUS

PACKAGING, PAPER & PRINTING

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAV's) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

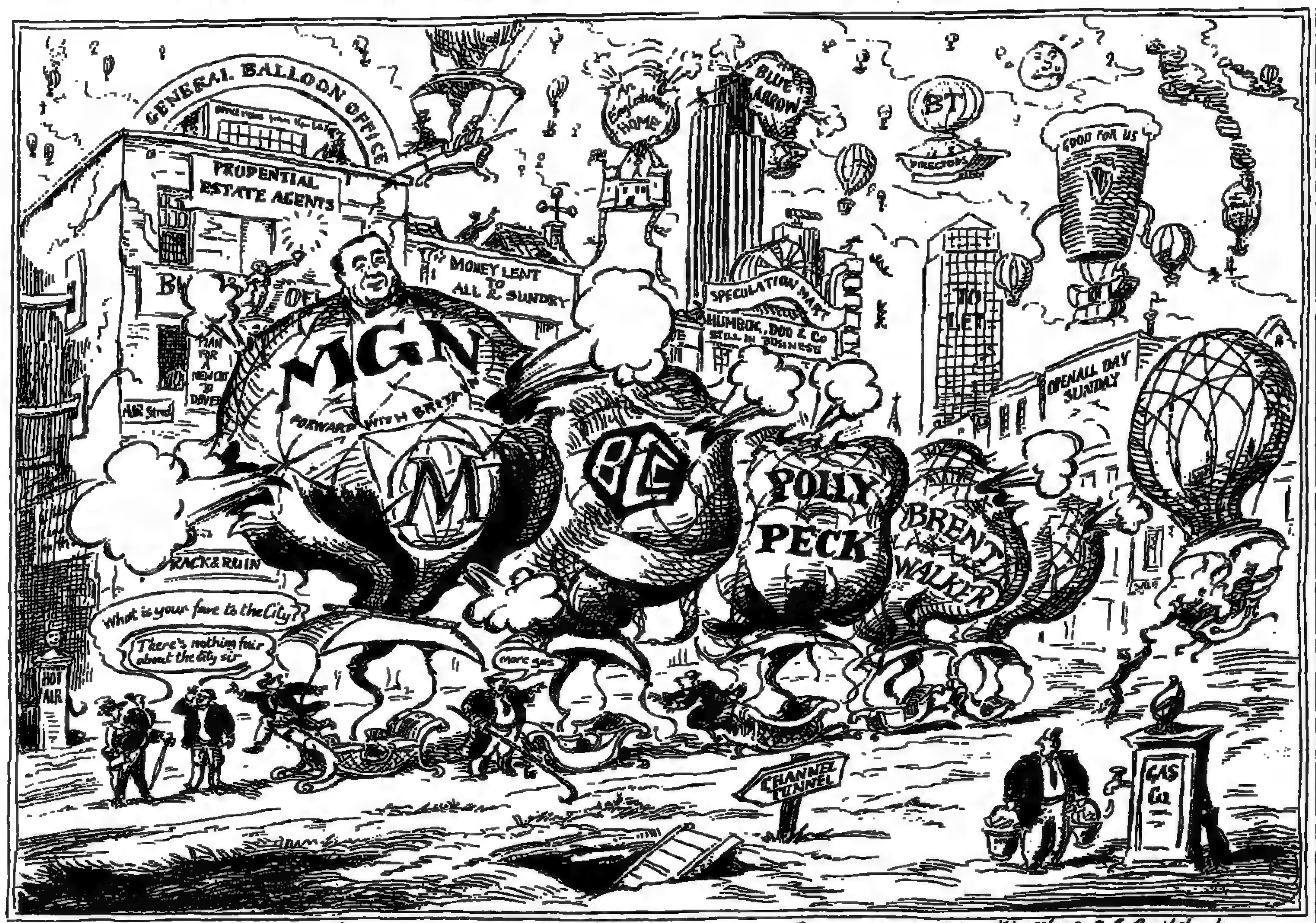
- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed, dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ‖ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
r Rights issue pending.
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1990.
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1989-90.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1150 a year for each security shown, subject to the Editor's discretion

FINANCIAL TIMES
Weekend December 28/December 29 1991



Ingram Pinn — *A Scene in the Farce'Lofty Projects' - An°D 1991* — with apologies to G. Cruikshank

BALLOONS and bubbles have been a theme of satirical comment on the City's activities since the 17th century. This year's developments have made such treatment – supplied here in the manner of Cruikshank – topical once again.

Not since the 1930s have the misfortunes of an entire financial system been so closely identified with the activities of a few individuals: Mr Asil Nadir's Polly Peck International, Mr Larry Goodman's Goodman International, Mr Agha Hasan Abedi's Bank of Credit and Commerce International, Mr Robert Maxwell's public and private empire, Mr George Walker's Brent Walker.

In each case – and in thousands of smaller cases, known only to the insolvency courts – bankers lent lavishly to ventures which, in retrospect, appear the flimsiest of balloons. Without the hot air of credit inflation, the balloons collapsed. Bankers, their shareholders and their other clients have paid the price in the year about to end – and will do so well into the year ahead.

Winter comfort for those in the snow business

By Michael Skapinker, Leisure Industries Correspondent

IF YOU are worried about your business surviving the recession, spare a thought for the providers of skiing holidays. Not only do they have to worry about the collapse in consumer spending, they also lie awake at night wondering whether resorts will have enough snow.

But their plight is not as bad as you may think. There is plenty of snow at the continental resorts this year and it seems people are going skiing despite recession, bankruptcies and home repossessions. It is what the travel industry calls the "sod it" factor.

Mr Russell Amerasekera, spokesman for Thomas Cook Travel, says: "It's a pattern over the whole of the travel business. Many people have decided: 'If we don't have a holiday there's not a lot to look forward to'."

He also says that the number of UK skiers heading for the slopes this December is 20 per cent up on last year and high altitude Austrian resorts such as St Anton, Obergurgl and Mayrhofen are doing particularly well.

However, comparisons with this time last year can be misleading. A year ago the Gulf was about to plunge into war and skiers had also become disillusioned by the two previous years when resorts had experienced little snow.

A more realistic assessment would be to compare this month's figures with those of two years ago. According to Mr Rory Byrne, a director of Powder Byrne which sells expensive skiing holidays in resorts like Klosters and Zermatt, even using the 1989 comparison this winter looks good.

Mr Byrne says the number of UK skiers taking his company's December packages, which cost an average of £1,000 a week, is up 16 per cent on two years ago and up 52 per cent on last year.

Mr Byrne says one phenomenon which has noticeably declined is that of companies providing skiing holidays as a director's perk. Another change is that people are booking winter holidays later. This is partly caused by financial worries but is also the result of skiers waiting until they are sure there is enough snow.

If skiing conditions remain good, Mr Byrne expects business to stay strong.

Mr Amerasekera says skiers booking later in the winter should not expect discounts.

Snow danger and delight, Weekend Page XII

Algeria's fundamentalists win strong support in polls

By Francis Ghilès in Algiers

ALGERIA'S leading opposition party emerged yesterday with a very strong chance of gaining an absolute parliamentary majority in the country's first-ever multi-party general elections.

Thursday's first-round voting in the country's 386 constituencies which declared yesterday gave the Islamic Salvation Front (FIS) 167 seats against only 16 for the Front de Liberation National (FLN), which has held a monopoly of power since Algeria, north Africa's biggest country, became independent in 1962.

The result of next month's second-round voting – in constituencies where no candidate won an overall first-round majority – is not a foregone conclusion. But the opposition party now needs only a further 49 seats for a majority in the 430-seat National Assembly.

However, only 58.55 per cent of eligible voters went to the polls, raising the possibility that a large turnout in the second round could still keep an absolute majority from the FIS.

Support for the FIS springs from the many difficulties which confront Algerian society. The fundamentalist vote represents a protest against the lack of freedoms, particularly the linguistic one, that characterised Algeria until 1988. It is also a reaction against corruption and what many Algerians view as a lack of effective government under FLN domination.

The FIS victory was achieved despite the detention of its two main leaders, Mr Abassi Madani and Mr Ali Benhadj, who are in prison awaiting trial for their alleged role in last June's riots. Also, support for the FIS does not appear to have been dented by the attack on an army barracks three weeks ago in which clashes between the army and fleeing fundamentalists cost more than two dozen lives.

Further humiliation was heaped on the ruling FLN in the Berber heartland of Kabylia, east of Algiers, where 20 seats were won by the leading lay opposition party, the Front des Forces Socialistes (FFS). This is led by Mr Hocine Aid Hamed, a veteran of the war of independence against France and long-time political exile.

Only three independent candidates secured parliamentary seats in the first round, apparently confirming that many of the parties competing in the elections had shallow support.

In spite of the relatively low turnout and the omission of many names from voting registers, no serious incidents marred the polls, which Prime Minister Sid Ahmed Ghozali, appointed after last June's aborted elections, has promised will be fair.

Reuters adds: "Allahu Akbar [God is Great]" echoed over the hills above Algiers from 10,000 worshippers when a preacher, Mohamed Houmein, said those who had not voted FIS would go to hell. "Backed by the support of the people, the FIS will bring about the installation of an Islamic state this year," he added.

A western diplomat following the poll closely said: "This has given the FIS the psychological edge for the second round. It is going to be very hard for anyone to keep them out. It looks as if the FIS is heading for an outright majority. Even deals will be difficult to stop them getting another 50 seats which is all they need."

Russia

Continued from Page 1

relations deteriorated. The daily Komsomolskaya Pravda wrote that tactical weapons had been withdrawn from the three Baltic states, the three Transcaucasian states and Moldova, leaving them in eight of the republics – Russia, Ukraine, Belorussia and the five Central Asian republics.

According to the evening paper Izvestia, Mr Gorbachev turned up to clear out his Kremlin office yesterday to find Mr Yeltsin already installed.

He had a further cloud put over his resignation by Mr Valentin Stepankov, the Russian procurator general, who wrote in the daily Selskaya Zhizn that Mr Gorbachev was implicated – in a way he did not specify – in the August putsch.

However, Mr Stepankov said that evidence of this was held back "to give him [Mr Gorbachev] a chance to reach the stage when a peaceful transition of power from the Union to the new Commonwealth of Independent States could be implemented".

Mr Stepankov said Mr Gorbachev's account of the putsch in his book The August Coup was deficient and that "a full assesment can only be given by the court where all the materials will be analysed, and not just his views".

Hope of rally

Continued from Page 1

exchange rate mechanism, reflecting its vulnerability in the wake of recent rises in interest rates in Germany, France, Italy and Spain.

Traders in the money markets did not assume sterling's position would necessitate a rise in UK interest rates.

The sterling three-month interbank rate eased slightly from its previous close to drop below 11 per cent.

As this is still higher than the current base rate level of 10.5 per cent, it shows the market is still divided on whether the next UK rate move is up or down.

Sterling dropped to DM2.839 at one stage in London before closing at DM2.8475, in fairly active trade. On its Bank of England trade-weighted index against a basket of currencies, the pound lost 0.2 to close at 91.7. The Bank did not intervene to drive the pound away from its ERM floor – although it was thought to have regarded its distance from its lower permitted limit of DM2.8321 in the system to have been extremely small.

There were reports that the Bank of Italy sold D-Marks yesterday, and the flow of funds from the D-Mark helped a strong advance in the yen.

Against the dollar, the yen – which had been buoyed by a four-fold rise in the November trade surplus – advanced to Y125.5.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
AG Ind	645	+	30
Aachen	878	+	38
Asko	616	+	26.5
Karstadt	621	+	17.5
Falls			
Colonia Konz	910	–	45
Hochtief	945	–	33
New York ($)			
Rises			
AT & T	39	+	⅜
Ph Morris	76⅝	+	⅜
Westinghouse	16⅝	+	⅜
Falls			
CSX	55⅞	–	1
Gen Motors	28	–	⅝
Tiffany	42¼	–	2¼
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
AGF	447	+	9
BIC	684	+	24
Beghin-Say	585	+	42
Cogifi	337.5	+	12.5
Falls			
Air Liquide	679	–	18
Printemps	817	–	27
Tokyo (Yen)			
Rises			
Daito Wool	1740	+	140
Kasumi	1050	+	100
Uchida Oil	515	+	30
Falls			
Konica	735	–	75
Showa Elect	637	–	48
Toyo Sanso	1030	–	120
London (Pence)			
Rises			
ADT	363	+	31
Cook (DC)	38	+	5
Eurotunnel	383	+	17
Glaxo	819	+	24
Lopex	34	+	3
Medeva	212	+	13
Mid & Scot Res	50	+	5
Pilkington	132	+	9
Ratners	31	+	3½
Reuters	999	+	35
Sears	92	+	4
Slebe	508	+	11
SmKl Beecham A	823	+	15
Taylor Woodrow	130	+	8
Thorn EMI	743	+	15
Unilever	671	+	20
Falls			
Dwyer	50	–	15
Fisons	293	–	31
Harvey Thmpsn	145	–	11
Jones Shipman	52	–	6

WORLDWIDE WEATHER

UK Today: England and Wales will be bright in many parts though fog patches will linger in the midlands and the south. There may be drizzle in western coastal areas. Fog should clear quickly in Scotland and Northern Ireland. Temperatures around normal. Outlook: rain spreading southwards. Windy in the north.

		°C	°F			°C	°F			°C	°F
Ajaccio	S	13	55	Bordeaux	Dr	8	46	Dallas†	C	6	43
Algiers	S	15	59	Boulogne	C	8	46	Dublin	C	6	43
Amsterdam	C	8	46	Bristol	C	8	46	Dubrovnik		–	–
Athens	S	7	45	Brussels	C	7	45	Edinburgh	S	7	45
Bahrain	S	18	64	Buenos Aires		–	–	Faro	S	14	57
Barcelona	S	13	55	Budapest	C	2	36	Florence	S	6	43
Belfast	C	8	47	Cairo	F	18	65	Frankfurt	F	7	45
Belgrade	C	0	32	Cape Town	F	22	[illegible]	Geneva	S	5	41
Berlin	Dr	3	37	Cardiff	C	8	46	Gibraltar	S	15	59
Biarritz	C	6	43	Chicago†	C	3	37	Glasgow	F	8	46
Birmingham	S	7	45	Cologne	R	7	45	Guernsey	C	8	46
Blackpool	F	7	45	Copenhagen	C	3	37	Helsinki	F	-2	28
Bombay	S	24	75	Corfu	F	8	46	Hong Kong	R	20	68

		°C	°F			°C	°F			°C	°F
Innsbruck	Sl	4	39	Madeira	S	18	64	Nairobi	S	24	75
Inverness	F	9	48	Madrid	S	7	45	Naples	F	8	46
Isle of Man	C	7	45	Majorca	S	15	59	Nassau		–	–
Istanbul	F	3	37	Malaga	S	13	55	[illegible]	F	5	41
Jersey	S	10	50	Malta	R	11	52	New Delhi	F	19	66
Johannesburg	F	22	72	Manchester	C	8	41	New York†	S	3	37
Las Palmas	S	21	70	Melbourne	S	26	79	Nice	S	13	55
Leeds	S	7	45	Mexico City		–	–	Nicosia	F	13	55
Lisbon	S	10	50	Miami†	F	22	72	Oporto	S	15	59
Locarno	F	-10	14	Milan	S	14	57	Oslo	S	-5	23
London	S	8	46	Montreal†	S	-4	25	Paris	C	7	45
Los Angeles†	S	9	48	Moscow	C	-8	18	Peking	S	-8	18
Luxembourg	C	5	41	Munich	R	2	36	Perth	C	2	36

		°C	°F			°C	°F
Prague	R	3	37	Tangier	S	16	61
Reykjavik	C	5	41	Tel Aviv	C	14	57
Rhodes	F	8	46	Tenerife	S	22	72
Rio de Janeiro		–	–	Tokyo	Sn	2	36
Rome	S	13	55	Toronto†	C	-1	30
Salzburg	R	3	37	Tunis	C	16	[illegible]
S'Francisco†	C	11	52	Valencia	S	13	55
Santiago		–	–	Venice	S	4	39
Seoul	C	2	36	Vienna	R	3	37
Singapore	F	30	86	Warsaw	R	2	36
Stockholm	F	-1	30	Washington†	C	2	36
Strasbourg	C	7	45	Wellington	F	21	3
Sydney	S	27	81	Zurich	C	3	37

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

A diversion up Wall Street

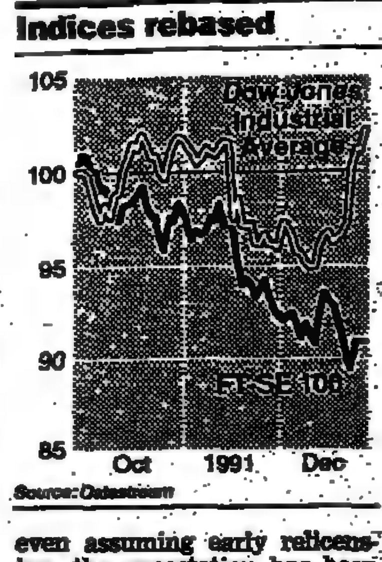
It is easier to explain Wall Street's strength on the back of the 1 percentage point discount rate cut just before Christmas, than it is to see why London followed suit. The Federal Reserve's action may not justify a dramatic change in short-term economic expectations: indeed, it could be seen as confirmation of an extraordinary lack of economic confidence for this stage in the cycle. But US interest rates are now so low that cash is hardly an attractive investment. The question is whether the Wall Street rally simply results from a one-off shift of funds away from the money market and into equities, or whether it will be sustained. The former looks more likely at the moment. Bond markets are hardly discounting much economic recovery.

Even if the US economy were about to turn the corner, the UK still has plenty of problems of its own. The housing market is in worse shape than in the US and real interest rates of some 6 per cent are substantially higher. The D-Mark lost ground yesterday afternoon as funds flowed into the yen. If that continues, pressure on sterling might be reduced, but it is hard to see the UK managing indefinitely to run an interest differential against Germany of just 0.75 percentage points.

There is thus a good chance that this week's 60 point rally in the Footsie may look misplaced once market activity revives in the new year. The thin volume suggests it was not convincing enough to encourage investors to forsake their Christmas firesides for the market. They did, however, miss the chance to sell into what, by recent standards, looks to have been a rare moment of strength.

FT-SE Index: 2,418.7 (+34.3)

Indices rebased



Source: Datastream

Fisons

Investors can only hope that Fisons' product problems come in threes. Earlier this month, the market was stunned by news that the US Food and Drugs Administration's ban on Opticrom and Imferon would cut profits by £65m this year. Yesterday, the share price took another knock following reports in a US newsletter – at least partially confirmed – which suggest that the lucrative Intal inhaler drug may have been lucky to escape a similar fate.

The latest revelations about Fisons and the FDA are probably of little financial significance. US regulators are not renowned for their speed and, even assuming early relicensing, the expectation has been that sales of those products now withdrawn from the US market will not be returned to their previous levels until well into the second half of next year. Intal, meanwhile, is unlikely to be under serious threat today. The reason for yesterday's renewed wobbliness in the shares was the mere thought that a product which accounts for such a large slug of profits might in the not too distant past have been at risk. Coming on top of growing disillusion with the company's secretive style, doubts over operational management and concern at the lack of dual sourcing, the punishment meted out by the City is readily understandable.

The question is whether the treatment has been overdone. Assuming profit forecasts of around £240m for 1992 do not prove optimistic, the shares are now on an average market rating, which seems extraordinary for a pharmaceuticals stock. Fisons may not deserve much of a premium these days – but takeover hopes are sure to be revived if the price falls much further.

3i

Investors were none the wiser about 3i's intentions after last week's resilient half-year results. But whether the much-hyped flotation takes place before or after a UK general election, a more interesting question is the venture capital group's stock market timing. Launching an issue at or close to the bottom of the cycle, at the behest of financially straitened shareholders, hardly seems an auspicious way to extract a good price.

Much will depend on how 3i is perceived. There will, for example, be plenty of work for the advisers distancing their client from the mass of unquoted company investment trusts. But surprisingly, perhaps, the fundamentals do not look too bad. Ten years ago, at the depths of the last recession, 3i came under unprecedented pressure as banks and US-style venture funds clambered over each other for a share of the fashionable small business action. This time, the banks have retreated to lick their wounds and specialists like 3i prepared to keep funding senior debt are being rewarded with margins of 2 per cent. The quality of the existing portfolio is demonstrated by the way 3i's net asset value over the last year has outpaced Electra, widely considered to be the market leader.

Gatt

Perhaps it would be easier to complete the Gatt talks on reforming world trade if negotiators were under pressure from the financial markets. The fact that both equity and money markets are apparently unperturbed by the latest, and possibly terminal, impasse on farm reform certainly reduces the incentive to work for a solution when the talks resume in January. Yet only investors with truly short-term horizons can actually afford to ignore the outcome.

Admittedly, the consequences of success would vary from sector to sector. European food processors would win scope for wider margins as farm reform reduced their input costs. In contrast, steel and textiles producers in the industrial world would have to adjust to an increased flow of imports and diminished scope for trade retaliation against low-cost developing country producers. The mistake is to assume that there is a net long-term gain in allowing the Gatt to fail. Protectionism would continue to erode the system, throttling both trade flows and economic growth. The troubles of General Motors have certainly made it harder for US policy-makers to resist calls for more barriers to Japanese trade and investment. A Gatt failure would encourage the European Community to maintain barriers against east European imports. But that would only redouble the need for the EC to spend taxpayers' money on aid to secure social and political stability in the east. There is not much benefit to corporate profits in that, though it might take a year or two before the realisation finally sets in.

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Weekend FT

SECTION II | Weekend December 28/December 29 1991

Hungarian fixer with a Filofax

*Gorbachev has gone. Eastern Europe is in ferment. **Malcolm Bradbury's** unpublished novel catches the mood.*

A chance encounter leads journalist Francis Jay to join a film company as a researcher. His first task is to track down Dr Bazlo Criminale, the mysterious and elusive philosopher, for a series of programmes with the working title "Great Thinkers of the Age of Glasnost." He flies to Budapest, where his best hope of meeting Criminale seems to rest with the extraordinary Hungarian fixer, Sandor Hollo, and his woman-friend, Ildiko Hazy. In the first of two extracts from Doctor Criminale, *we begin to sense that all is not quite as it seems . . .*

THE maitre checked a plan that lay in front of him on his lectern-like desk. "I suppose you are with a film, sir, yes?" he asked me. "Well, I am, that's right," I said. "Ah," he said, "Well sir, tonight we have BBC making *Ashenden*. Granada TV making *Maigret*. Channel 4 making a series on the European Community I think is very good. Which one, sir?" "Oh, none of those," I said, "I'm here on my own."

"Really it is too bad," said one of the Hungarian beauties, who had wandered across from the bar with her Campari and soda and was now standing by my side. "It is not good to be all alone. If you like it and have twenty dollar I will have dinner with you." "A table for two, sir?" asked the maitre, looking at me with an air of deep human understanding. "No, thank you," I said. "Actually I quite like being on my own."

That night I slept very peacefully (and also entirely singly) in my bed somewhere in the middle of the great river Danube. In the morning I woke early, and looked out of my window. There were sweatsuited joggers already jogging on the tracks outside, towelled bathers already on their way to their sulphurous pleasure in the near-by steambath. Fishermen fished, birds dipped and darted, long low Russian cruiseboats slid by on the river, to-ing and fro-ing between here and the Black Sea.

I picked up the telephone and dialled my number again, and this time someone answered: "Hollo Sandor." "I believe you can help me," I said. "Yes, I think so," he said. "I haven't explained what it is yet," I said. "No, but I can help you," said Hollo Sandor.

A little mystified, I explained that I was a British television film-maker working on the subject of Bazlo Criminale, and that I should like to consult him. "A film?" he said. "Everyone makes a film in Budapest now. We are so cheap, of course. Now we are Paris, now we are Moscow, now we are Nice, now we are London, now we are Sydney, Australia. Never of course Budapest, I think they make films about Budapest in Prague. Very well, you like us to meet about your film?" "If you can give me the time," I said, "I imagine you're very busy."

"For you I find the time," Hollo said. "Let us meet at noon at the Petofi statue on the Danube prospect. He is our great poet, you know, so everyone will tell you where it is. By the way, you are on expenses?" "Yes, I am," I said. "Good," he said. "Then I think we will go somewhere very nice. I know all the places. I will see you at Petofi."

When I found him at last, he was not at all what I expected. I had imagined a small, intense philosopher, probably carring a worn leather briefcase and engaged in abstruse thought. Instead a young man in a dashing white raincoat, blond highlights tinted into his dark hair, passed me by three times, glancing over significantly in what I assumed was erotic invitation.

Finally he walked directly over to me and held out his hand. "You are Franz Kay?" he asked. "No, it's Francis Jay, actually," I said. "Jay or kay, it makes no different," he said, "Unless you are Kafka. I am to me Hollo Sandor, to you Sandor Hollo. It makes no different either. What is a name? And so you like to talk to me about your film." "I was told you could help me," I said. "I think not here," he said, glancing at the crowd, "Excuse me, but old habits die hard. In any case I know a very nice place over in Buda for your expenses. Don't worry, I have a good car, by the way." "Fine, then, let's go," I said.

"One moment," he said. "Before we leave our excellent Petofi, one small lesson in Hungarian. Look across the river. Do you see those two hills?" Yes, I did indeed. "On Gellert Hill, on the left, do you see the monument with the winged victory on the top? That is our monument of grateful thanks to the Russian soldiers who liberated us so kindly. Put up, of course, by those Russian soldiers. And now, on Castle Hill, to the right, do you also see a great white building?" I did. "That is our monument of grateful thanks to the American people who sent us so much of their precious Coca Cola," said Hollo, "Put up, of course, by those same American people. It is the Budapest Hilton. In Hungary we have learned one thing very well. History is either one of these, or the other. This year we are all for the Hilton. Why not? Isn't a bed and a minibar better than a tank? You agree?"

Hollo nodded gravely to me and led me over to his car, a shiny red BMW with racing stripes and rear spoiler, which he had parked flamboyantly right across the pavement. "Ultimate Driving Machine," he said, "Please get in. By the way, you can smoke in here. This is not the West; it is a free country."

I sat in the low front seat and Hollo scorched off, round the square and up over the Elizabeth Bridge, dodging between clanging yellow trams and slow chugging Trabants. Over on the further bank of the river, he pointed to a large decorated piece of concrete that stood among the trees. "Piece of the Berlin Wall," he said. "They sent it to us because we opened our borders and led out the Germans. You know here was where the great change started. The *wende*, they call it, the turn. Oh, do you like to buy some, by the way? I can get you very good pieces, the real thing, there is a lot of fake wall around now. Also Russian tank driver hats."

We began zigzagging up the great Buda hill, around the vast restored castle. I looked at Hollo, who was changing gear joyously on every bend. "Are you really a teacher at the university?" I asked.

He looked at me and laughed. "Believe me, if I drive this, I don't do that," he said. "Do you know how much a university teacher gets in my country, maybe one-sixth of what you would make in the west. No, I am a juppie." "What is a juppie?" I asked. "You don't know?" he said, "Very mobile young businessman." "Oh, a yuppie," I said. "You didn't notice my red braces?" he asked, and began patting items in the car. "CD player, equaliser, central lockings, even Filofax. We have seen on television here your *Capital City* programme and know how it is done." "Well, very nice," I said.

We had driven up to the top of the hill, through tree-lined streets past fine merchants' houses, and now we stopped somewhere between the Saint Matthias church and the Budapest Hilton, which between them dominated the heights. "Over here, Fisherman's Bastion, you have heard of it?" asked Hollo. "It is what everyone remembers of Budapest." Fisherman's Bastion was the delightful concoction of battlemented walls and fairy-tale turrets I had been looking up at from my hotel window below. From it you had, in turn, a fine view over Margaret Island, the traffic of the flowing Danube, the spread of Pest, the Parliament Building, the power station, the ugly workers' high-rise blocks in the distance, and then the plain stretching out beyond.

"Charming, yes," said Hollo, lighting a cigarette, "And now you see our trick. Here we have built a great European city, two in fact, one old and one new. Our only problem is our European cities are not in Europe at all. Budapest is Buenos Aires on the Danube, all a pretend." "How is it a pretend?" I asked. "First, nearly all these buildings were not designed for here at all," said Hollo. "See there our lovely Parliament down by the river, which hardly meets, by the way. The architect loved your House of Commons, so he made us one. The Chain Bridge, built by a Scotsman in a kilt. Eiffel from France made the railway station. Our boulevards are from Paris, our coffee houses from Vienna, our banks are English, the Hilton American. You see why they make films here, we are everything. And this old castle, Fisherman's Bastion, from which nobody has ever fished, by the way, was built as a fantasy at the turn of the century. So you see it is Disneyland, and we are Mickey Mouse."

Hollo led me down from our viewpoint and back between the Cathedral and the Hilton, into a smart square beyond. Fine merchants' houses surrounded the square, and Hollo went into the courtyard of one of these. Then he opened a door, drew aside a curtain, and ushered me inside.

Inside was a small, smart restaurant – the Restaurant Kiss – where a few neatly dressed diners sat in small booths at pleasant tables against the white walls. Black and silver fish of various edible species gasped tragically from an aerated tank by the entrance. Hollo tapped the side of the tank and said, "Fogas, from our lakes, you must try it. But first, palinka."

A waiter in an embroidered short jacket served us. "To your good health and fine hospitality," said Hollo, proudly displaying his red braces and blue striped shirt. "May there be plenty more of both. So you make a film about Criminale Bazlo, Bazlo Criminale. How can I help?" "Well, I have to tell you I was expecting to meet a philosopher," I said. "I was that once," said Hollo. "Not any more. Don't you know that philosophy is dead?"

"What do you do?" I asked. "I just told you about the *wende*, the big change," said Hollo. "And I am a *Wendehals*. A changer, I am a changer." "I see," I said, "And what do you change?" "The world and myself," said Hollo, swirling the palinka in his glass. "How do I explain? I fix things." "What things do you fix?" "When the world changes, it seems everyone needs something," said Hollo. "Do you like a nice apartment in the Valley of Roses, a little biscuit business in Szeged? Do you like a phoneline to the West, a fax machine from Vienna? Maybe you like a tram company from Csepel, or a small share in pornography business at Lake Balaton? I can fix. And when you make your film here, and you need back-ups, transports, locations, hotel rooms, contacts, I can fix that too . . ."

The door curtain to the restaurant lifted; in the entrance, a slim tall girl stood, looking around. She was blonde, blue-eyed, a Hungarian beauty; she wore a short furry topcoat over a blue mini-dress. Hollo waved at her; she waved back. "Oh, I just forgot to mention," he said. "I told a friend of mine you would buy her lunch. You don't mind, I hope?"

Hollo leapt up: "This is Mr Jay or Kay, I don't remember." "Francis," I said. "And this Ildiko Hazy," he said, "You are late, darling, always late. And this man is asking me such questions about Criminale Bazlo." "Criminale Bazlo, do you

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The Long View/Barry Riley

Election and selection

WE GO into 1992 with the lowest US short-term interest rates for 27 years, but the German discount rate at its highest since 1931. Clearly something is badly dislocated somewhere, although as it happens our own interest rates in the UK are close to the average for the past couple of decades. They are still are much too high for comfort.

Last year at this season I was bullish of the stock market for fairly simple short-term cyclical reasons. Those factors ought still to apply this year, but less emphatically; and anyway, the short-term cycle is clearly being overlaid by something more powerful. In the US, for instance, it is no ordinary recession when mighty companies like IBM and General Motors are forced to downsize themselves drastically. As for Japan, the 1980s bubble of asset overvaluations is being deflated only very slowly.

The bearish forces have come into play with a vengeance in the final quarter of 1991. Fundamentally the problem of indebtedness dominates. There is far too much debt around the world, and a significant part of it will have to be eliminated somehow. In past depressions, notably 60 years ago, this was achieved with catastrophic results through default. This time America is bailing out its banking system and the recession is relatively shallow, if persistent; but the big question remains whether the US public sector can possibly bear the burden of the private sector debt which it is assuming. In avoiding an economic crisis at home the Americans may be heading straight towards a dollar crisis overseas.

In theory we should be able to watch these developments in a relaxed manner in Britain because we have detached ourselves completely from the dollar, to which we used to have half a connection. But the D-mark is a very demanding pacemaker, and year two of the adjustment process within the exchange rate mechanism looks like being much tougher than year one. Indeed 1992 will present immense challenges to the whole European Monetary System.

The 1992 British General Election will be our special local factor. So far the Conservative government has been forced to hide in the hole it has dug for itself, emerging only to issue increasingly unconvincing forecasts of imminent economic recovery. Now, judging by the latest housing proposals, it may be tempted into various panic measures, while purporting to maintain its basic strategies.

If the Tories were to win at the polls they could at least then change strategies, raising taxation perhaps, and attempting to boost industry.

They might even be prepared to admit the overvaluation of sterling. Almost the worst outcome, however, might be a Conservative administration re-elected with a tiny majority, and forced to defend unchanged policies ahead of a tantalising second poll.

As for Labour, the stock market would not take kindly to higher taxation and muddled policies, though the overall damage to share prices probably would not be more than about 5 per cent.

It could well be, however, that an incoming Labour government would soon switch to a hard line, intent on avoiding Nigel Lawson's fatal mistake of going soft in the early part of a five-year term, thus storing up economic trouble for the pre-election period.

Labour would certainly want to avoid repeating the errors of the 1964 Wilson regime, which struggled for three years against balance of payments crises before finally succumbing to devaluation (not that the 1967 devaluation offered a route to re-election in 1970).

There is not a lot of point in trying to predict the precise political twists and turns, and in stock market terms it is quite likely that both bulls and bears will have their moments over the next 12 months. There is a significant risk of an attack of nerves, especially on Wall Street.

In the City the conventional wisdom appears to be that equities are cheap, on the basis of a yield of slightly over 5 per cent and of a prospective earnings recovery that could be very sharp when it comes.

For the time being, however, the analysts are continuing to trim back their forecasts. I am also worried about dividends in the coming year. Many companies are likely to implement the cuts which they flunked in 1991.

Some of the apparently rock solid sectors, like the utilities, would be very vulnerable to political changes. The danger of individual major corporate collapses is far from over, too, and the banks are not home and dry.

All the same the UK market has been so weak during most of December that there should be some scope for recovery early in the New Year. The "January effect" is usually worth nearly 5 per cent in the London equity market, although the Christmas surge may have pre-empted some of that. Beyond January, the trend of interest rates will be crucial. If German short-term rates do not start to come down until the middle of the year, as seems possible, it could take some time for confidence to be rebuilt.

It is possible, nevertheless, to project quite a bullish scenario for the latter part of next year. Inflation could be moving down again (although it may be disappointingly stuck at close to 5 per cent for much of the earlier part of 1992). That would allow gilt-edged yields to decline, creating a promising background for equities. And although the profits recovery may be a story for 1993 rather than next year, it could certainly be discounted much earlier.

Given a fair wind this market will go ahead again fast and I am inclined to think the indices will be showing net gains by the year-end.

Yet to talk in terms of a simple cyclical recovery could be misleading. There are also long-term structural changes going on. In 1991, after all, movements in different sectors have varied between plus 60 per cent and minus 30 per cent.

Much the same might apply next year: the problems of the property and construction sector, for instance, look like persisting for several years, whereas manufacturers might reasonably expect to benefit from the new government's policies.

All in all, it looks like a year in which to be brilliant both with your stock selection and your timing.

London Markets

Learning to like sound money

THREE themes dominate the year just ending: cash, corporate casualties, and currency.

Start with cash: the lifeblood of any commercial enterprise. It was a year which sharply divided those with access to cash from those without it. For the lucky ones, cash flowed in abundance: rights issues raised £9.9bn, allowing the corporate sector to achieve the rare feat of reducing its borrowing from the banks. Those healthy companies that tapped the market most enthusiastically – for example, the supermarket chains – have greatly strengthened their balance sheets, and set themselves up to fight for market share as demand recovers in 1992.

Financially-squeezed companies unable to raise fresh equity found cash a perennial worry in 1991. For some companies, indeed, it dried up altogether: despite everything Robert Maxwell could do to raise cash from his empire, including raiding the pension funds, the pennies were running desperately short by the time of his death.

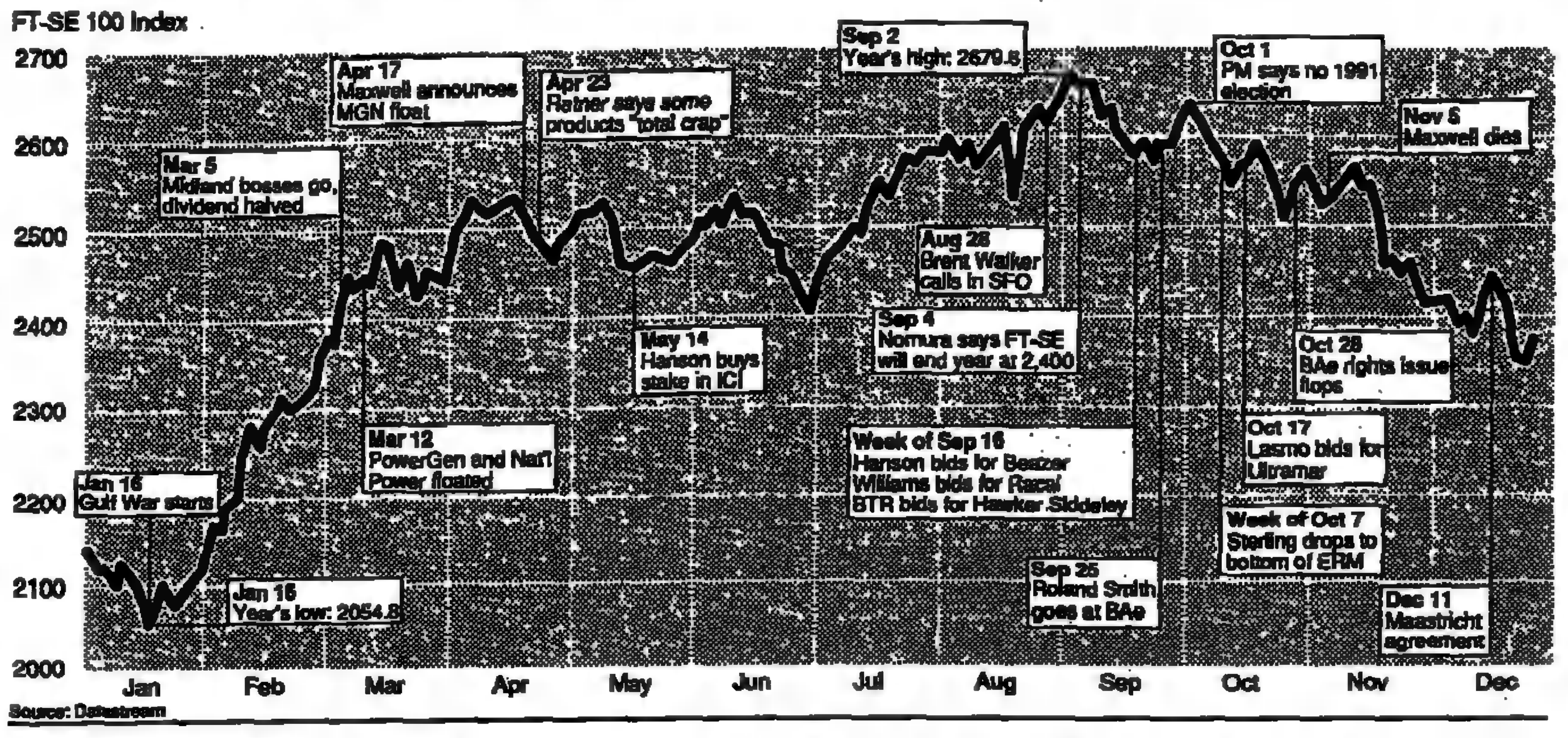
Other companies resorted to less imaginative ways of raising cash; for many small companies the refusal of additional bank lending as sales plunged in the early part of the year was the final straw.

The corporate casualties which were the second feature of the year were not just the companies that went under – Maxwell, Brent Walker, BCCI and so on – but also the executives who failed to survive through till December. Midland Bank, Granada Group, Allied-Lyons, British Aerospace, Ultramar, Asda – at all these companies senior executives paid the price for financial misfortune.

That leaves the third theme of the year, the dominant influence of the currency issue. The most immediate impact of Britain's ERM membership is to be felt in the slow, faltering recovery from recession – and the way in which Wall Street, fuelled by cheap money, is starting to accelerate away from a UK market trapped by high interest rates. Since September, when London peaked, the FT-SE index has fallen nearly 10 per cent, even after this week's rather suspect (because thinly-traded) rally. In the same period, US shares have risen 1 per cent.

A year in the London market

FT-SE 100 Index



Source: Datastream

The Fed may be making a mistake in setting US rates so low; Wall Street may be overvalued by most historical measures; ERM membership may be necessary to save the UK from politically-inspired cycles of boom and bust. All that may be true: but the fact remains that without Britain's link to the D-Mark, sterling and interest rates would both be lower at this stage of the economic cycle, even if monetary policy in Britain were set by an independent central bank staffed exclusively by granite-jawed anti-inflationists. And with a lower pound and cheaper money, the odds are that the stock market rally of the early part of this year would still be with us.

A lacklustre fourth quarter is only the beginning of the ERM's influence, of course. If it continues to clamp the UK into a weak recovery and slow growth thereafter – at least until the creation of that flexible, highly skilled, high-productivity labour force that politicians dream about – it will continuously penalise companies with high exposure to the domestic market. The sparkling performance of the big drugs companies in this year's stock market illustrates one logical conclusion of that line of argument.

Companies such as Wellcome (up 118 per cent so far this year) and Glaxo (88 per cent) helped the Health and Household sector of the FT-Actuaries All-Share index to rise 59 per cent, while the market as a whole was up by only 11 per cent. They are big, international companies with a semi-regulated home market into which to sell products that are partly immune to normal pressures of supply and demand. They managed to shrug off the UK recession – while benefiting from the faster growth taking place elsewhere in the world.

UK dividends will start to move back into line with those of other countries. As they do, the appeal of bonds will become apparent

Even when the recession is just a memory, selecting UK contenders for the emerging "super-league" of European companies will be an important part of the investment game in the new era.

Another significant change in investors' preferences will be a shift away from equities towards fixed-interest securities. Because of the UK's persistent inflation since the 1950s, the cult of the equity has driven bonds down to an ever-smaller proportion of UK portfolios. Now, with inflation likely to stay low thanks to the Bundesbank or its successor, equities no longer possess the extra attraction of offering protection against a debauched currency.

The shift will be a slow one, partly because institutional investors with a need for income – that is to say, most of them – have pushed UK companies to keep their dividends growing at a rate which dwarfs those in almost all other developed countries.

At some point, UK dividends will start to move back into line with those of other countries; and as they do, the appeal of bonds will become sharply apparent to income-minded investors.

With only two more days of trading left in the old year, the FT-SE index stands at 2418.7, a rise of 60.6 points on the week. It is up 3 per cent since its most recent low, touched on December 23; and up 13 per cent since the beginning of the year. The rally of the early months was in part an artificial one, a rapid bounce-back from the gloomy closing months of 1990 in which Gulf War tension mounted. If you ignore the trough of 1990 and the peak of 1991, FT-SE is less than four points higher than the level reached in July 1990, and 45 points below January 1990's 2463.7.

The early months of 1992 will be dominated by the search, yet again, for unmistakable signs of self-sustaining economic growth; and by the electoral auguries. At a moment when the economy starts moving and the odds look good for the Conservatives, the stock market should be able to clamber back up towards the heights reached in September. But once that excitement is past, the difficulties of coming to terms with life in a European currency bloc will remain.

Happy New Year!

Peter Martin

Serious Money

Exclusive: next year's scoops revealed

By Philip Coggan, Personal Finance Editor

THE hard-hitting investigative team of *reporters at the Weekend FT* never sleeps. Returning to work after Boxing Day, I found that a colleague had left me an envelope containing exclusive details of the financial events of 1992. I feel it is my duty to reveal them to you.

Economics

Chancellor Norman Lamont decides that the retail prices index will henceforth be based solely on the cost of jewellery sold by Ratners. He predicts that the economy will recover "almost certainly at some point in the 1990s."

The Europeans discover that the pound's entry into the exchange rate mechanism, far from bringing Britain's inflation and interest rates down to continental levels, has brought continental inflation and interest charges up to our rates. Helmut Kohl demands the right of Germany to "opt out" of the ERM.

In a final desperate bid to stimulate the US economy before the Presidential election, the Federal Reserve abolishes interest rates.

Politics

The UK election is followed by a hung Parliament. Mrs Thatcher says the country needs a coalition run by "a recently-unemployed international statesperson with the authority to unite the country." Mikhail Gorbachev duly becomes Prime Minister.

In the US, President Bush coins the slogan "Read my lips – no new ideas" and is triumphantly re-elected.

Taxation

The Budget attempts to encourage consumer spending, and discourage saving. It is decreed that henceforth Tessas will no longer pay interest but accountholders will be entitled to gift vouchers at Marks and Spencer. VAT is abolished on "luxury items" such as furniture.

Stock markets

The London Stock Exchange *decides to close down and wait* until the recovery actually starts. As a result, it is the best performing share market of the year. However, government plans to privatise the Church of England – slogan "The returns will be heavenly" – have to be postponed.

A worldwide depression hits most overseas markets with the brief exception of the US. When Ethel Hackenbush of Como, Mississippi buys a food mixer, shares in the US rise due to the pick-up in consumer spending. They then fall back when Mrs Hackenbush cannot understand the instructions and returns the mixer to the store.

Property market

Mortgage rate cuts fail to stop the crisis, since no-one is making their monthly payments any more. Petrol companies offer a free semi-detached in Surbiton with every four gallons. The government announces a multi-billion pound scheme to convert all the offices in Docklands back into docks. And estate agents begin "the Harrow march" to Downing Street to demand work.

'Live it up until you are 65 then borrow someone elses's pension'

Banking

Major banks reveal that, not only is there a Loch Ness monster, but they lent it £500m to develop a Scottish version of Sea World. A special team of frogmen auditors is now searching for the avaricious amphibian.

After continuing complaints about the high level of bank charges, the clearers reveal a new low-cost service. For £10 a year, they give you a mattress to keep your money under.

New products

The B&B Split Capital Investment Trust

One class of shares buys *shares in the investment successes* of 1992; the other class buys stock in all the corporate disasters. The snag is that neither the managers nor the shareholders knows which is which. Not for those of a nervous, or indeed sensible, disposition.

Public equity project (PEP)

You buy this in the hope of making tax-free profits. In fact, the PEP makes no income or capital gains; instead enormous charges are levied in order to redistribute your capital to the more deserving, ie loss-making financial services companies.

The low-cost, low-start, low-fat endowment mortgage

This guarantees to pay back the loan after 50 years, or till Birnam wood remove to Dunsinane, whichever is the sooner. Twenty per cent of your premiums is invested in equities; the rest is used to make up for all the bank and building society bad debts.

Unitised without-profits but with a very nice certificate bond

A new concept which offers you the security of a major insurance company name plus the guarantee that the salesman is earning a fat commission. If you surrender it within *the first two years, not only* do you not get back your capital but the company comes round and removes your television. Unique system of three types of bonus; reversionary, terminal and a special "comprehension" bonus for any purchaser who can understand the policy.

The new 90-day account

This building society product offers you a very attractive interest rate when you open it, but then the society slashes the rate and takes 90 days to tell you about it.

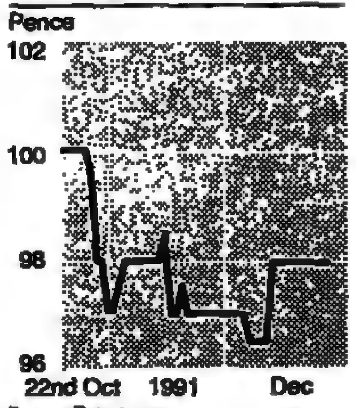
Personal pension plan loan

Avoid the cost of saving for retirement with this brand new product based on an original idea by someone recently in the news. Simply live it up until you are 65 and then "borrow" someone else's hard-earned pension instead. By the time the authorities track you down, you may well be dead anyway.

AT A GLANCE

M & G Income Packaged Units

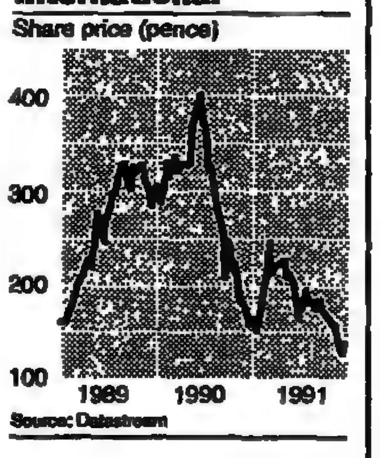
Pence



Source: Datastream

Christies International

Share price (pence)



Source: Datastream

M&G launches investment trust

M&G is launching another investment trust, after its success in raising £246m for its Income Trust in October. The new trust will have the same investment philosophy as M&G's £700m Recovery unit trust and will be run by the same fund manager. A mail campaign will attempt to persuade investors to pre-register for the issue, which will be launched in the New Year. The issue will be timed so that investors can place their full £6,000 Personal Equity Plan (PEP) allowance for each of the tax years 1991-92 and 1992-93 into the trust. Meanwhile, packed units in the Income Trust have hovered only just below the issue price, despite weak stock markets in the period since launch.

ADT sells 24 per cent Christie's stake

The end of the late 1980s art market boom has hit the leading auctioneer, Christie's International, with 1991 sales around half 1990's levels. Shares in the group have suffered accordingly and closed on Friday at 144p, well down from the 1990 peak of 409p. This week ADT, the Bermuda-based car auction and security group, bit the bullet and sold its 24 per cent stake at an estimated loss of £84m.

Nationwide raises rates

Nationwide Building Society has increased the interest rates on three of its accounts from December 27. The Monthly Income account is paying a further 0.2-0.4 per cent gross, with increases varying between deposit bands. New rates range from 9.2 per cent gross on deposits of between £1,000 and £4,999 to 10.9 per cent on balances of over £50,000. Rates on the Classic Bond are being raised by between 0.2-0.8 per cent, with 10.3 per cent gross now paid on balances of £1,000 to £4,999 and 12 per cent on balances of over £50,000. The minimum investment in the Capital Bond Direct is being cut to £10,000 from £25,000; the bond will now pay 12.3 per cent gross, up from 11.8 per cent.

Barclays alters its Tessas

Barclays Bank is changing the conditions on its Tessa from January 1. Previously, accounts closed within the first year earned no interest; henceforward no charge will be made for closures (although of course the tax-free element of the interest will be lost) and a £25 fee will be levied for transfers to other institutions. Barclays, which is offering a rate of 11 per cent at the moment, also accepts transfers from other institutions.

Equity & Law maintains bonus rate

Equity & Law, the life insurance company owned by the French group AXA-Midi, has opted to maintain its reversionary (or annual) bonus rates on traditional with-profits contracts. An additional reversionary bonus has been declared for older life and pensions policies, but the group has reduced bonus rates on unitised with profits contracts by 0.5 per cent. Decisions on terminal bonus rates will be made during February next year. Explaining the decision, Duncan Kerr, thechief actuary, said the reduction in unitised contracts reflects the lower investment returns now prevailing. Last week Norwich Union, the biggest life assurance company to announce its bonus decisions so far this year, announced cuts of around 9 per cent in rates.

Wall Street

Sorry Dow is cheered by Christmas surge

SANTA CLAUS has been unexpectedly generous with gifts for Wall Street this Christmas. Although it had expected little in the way of brightly-wrapped prezzies from St Nick this year – punishment, perhaps, for 12 months in which traders and investors had too often behaved irresponsibly – the stock market found itself approaching the end of this festive week sitting on a hefty 170-point gain and a shiny new record close for the Dow of 3,082.96.

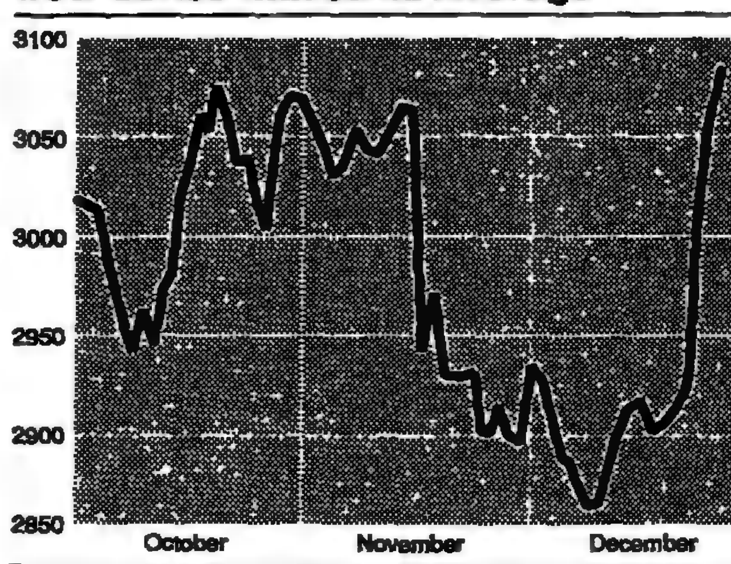
To appreciate the scale of the market's year-end rally, one needs to go back just a week *before Christmas Day*. At the close on December 17, the Dow was at 2,902.58 and feeling very *sorry for itself*. Investor confidence was low – an expected interest rate cut had not materialised, corporate America was gripped with the pain of forced restructurings, and the economy was back in recession. At that time, 3,000 on the Dow seemed a temporarily unattainable summit. Yet, by midday yesterday everything had changed.

Investor confidence is soaring, buoyed by the Federal Reserve's one percentage point cut in the discount rate on December 20. The lowest interest rates for almost a generation, coupled with tax cuts from Washington, are expected to breathe life into US industry next year, making prospects for the economy seem immeasurably brighter.

The logic behind the buying is relatively simple. For investors, the lowering of the dis*count rate to 3.5 per cent, and* the subsequent reductions in bank prime rates, should stimulate both consumer and corporate expenditure. They also hope that a tax-cutting package – *not yet agreed by Con*gress and President Bush but promised by both for the New Year – *will help along the* struggling economy. Moreover, there is a feeling the worst is over for US companies, and that the benefits of job cuts and plant closures will feed into corporate earnings by mid-1992.

The most pressing incentive this past week for buying stocks, however, has had less to do with economic fundamentals than with investment fundamentals. Faced with the alternatives – foreign equities, bank savings accounts and certificates of deposits (CDs), money market funds, short-term fixed-income securities, long-term fixed-income securities – investors have been choosing stocks.

Dow Jones Industrial Average



The reductions in interest rates by the Fed have made the returns on many assets increasingly unattractive. Retail investors have been quick to move funds into equities and out of CDs and money market funds, which offer greater security but lower yields (averaging below 4 per cent on CDs and 4.5 per cent on money-market funds).

This week's rally has been led by the retail side. With so many institutions closed or lightly-staffed for the Christmas week, individual investors have taken centre stage, keeping volume high for the time of the year.

Equity fund managers reported a rush of inquiries in the days before and after Christmas from individual clients who, *rather than seeking* a temporary ride on a short-term rally, want to get into *the stock market for the* duration of 1992. They like what they see: low interest rates, weak but improving corporate profits, and an economy that has probably hit bottom.

Yet, amid the end-of-year euphoria, some analysts have issued warnings, most notably that investors may be getting into a market that is overbought and overpriced. Based upon Thursday's record close, the Dow has gained 17 per cent this year, and the Standard & Poor's an even more handsome 23 per cent. These are excellent gains, especially in a year burdened by war and recession, and it is worth asking whether the market can possibly keep the momentum going in 1992.

Equity valuations also look disturbing. The price/earnings ratio on the Dow is currently at 20.1 per cent, and on the S&P 500 at 21.6 per cent, both historically high levels, especially when seen against the *background of an economy* that is not yet out of recession.

Investors appeared unfazed by such technicalities, picking up stocks across the board. Even long-standing dullards such as Citicorp, a bank burdened by bad loans, large losses and a rapidly changing market, received a boost. Aided by reports from within the group that it had passed its examination of its finances by the Office of the Comptroller of the Currency, the bank's stock jumped almost 25 per cent in four days, reaching $10⅞ by midday yesterday.

Monday	3022.58	+ 88.10
Tuesday	3050.98	+ 28.40
Wednesday	closed	
Thursday	3082.96	+ 31.96

Patrick Harverson

The Bottom Line

Is anyone going to the new year ball?

AFTER Christmas, the sales. *It is usual at* this time of year to run articles arguing that the designer ball dress marked down from £700 to £300 is truly a bargain. Stockbrokers' circulars issued in a flurry ahead of the new year have hit the same hopeful note – *although cautiously*, with much use of the recommendations "weak hold" and "slightly overweight".

Their tentative stance has some justification. The last two months – which saw savage downgradings of profit estimates in half the FTSE sectors, from construction through engineering to hotels – have made it difficult to decide how to put money into the market in 1992.

The FTS-100 Index has now fallen to the same level as the end of June following worries over sterling – *its weakness* makes a base rate cut before the election unlikely – and *over the delay in a UK eco*nomic recovery.

The market's fall offers some opportunities for bargain hunting, but brokers emphasise that their earnings estimates *remain unreliable, and that* the UK market overall is likely to be weak in the first half of the year.

Against that troubled background, two broad guidelines *may help in picking sectors for* 1992:

■ The capital goods group looks cheaper than it has done for some time. Over the past three years the FT consumer group – which is expected to be one of the first beneficiaries of an economic upturn – has outperformed the stock market by 21 per cent. The capital goods group, which was particularly badly hit in recent downgradings, has underperformed by 25 per cent. The point may now have come to reverse that trend. Although engineering shares continue to be overshadowed by bad debts and stock writedowns, other capital sectors have been more resilient, and brokers and institutions are expressing new interest.

■ 1991 has driven home the reasons for favouring companies with strong balance sheets. A year ago, when the end of the recession seemed just around the corner, highly-indebted companies enjoyed some popularity with investors on the grounds that their pre-tax profits would rise by a greater proportion than those of ungeared companies when revenues picked up. After a year in which the weakest companies needed rights issues to rescue them – notably in the the building and hotel sectors - and then had to stand back while financially stronger rivals picked up cheap acquisitions, that argument has lost some appeal.

Top five and bottom five market sectors in 1991

Rise – or fall – of FT-Actuaries sector indices relative to the FTA-All share index)

Health and Household	+43.43
Textiles	+25.36
Packaging, paper and printing	+19.60
Business services	+18.33
Chemicals	+16.15
Property	-25.82
Aerospace engineering	-26.85
Composite insurance	-28.44
Metals and metal forming	-33.02
Construction and contracting	-33.72

Scanning the market on those guidelines, the chemicals sector continues to look attractive. It is among the few sectors to have had earnings estimates revised upwards in the past month. Courtaulds and BOC Group are well-established "defensive" favourites, and their resilience to recession was demonstrated in recent results. ICI, however, is unlikely to perform well until recovery – in the UK and overseas – is underway.

In electricals, now shrunken by Hawker Siddeley's exit, Delta still looks an attractive core holding, well placed for the recover. BICC's shares continue to suffer from property and Channel Tunnel concerns but may have been oversold.

In telephone networks, Cable & Wireless and Vodafone's profit forecasts have survived the recent results without significant change, Vodafone in particular justifying its recent popularity. The flotation of the second tranche of British Telecom, according to some brokers, has also dragged the sector down, making the other stocks temporarily cheaper.

On the consumer side, there are some stocks – rather than whole sectors – that still look good value despite recent strong performance.

Some of the larger brewing companies exposed to international markets – particularly Allied-Lyons, Grand Metropolitan and Whitbread - still look cheap after the results season, even though UK spending *shows few signs yet of picking* up.

The food manufacturing sector – a favorite "defensive" investment – has begun to look prohibitively expensive. But there is still a case for buying Booker, Perkins Foods and Tate & Lyle ahead of the spring results season; they have been comparatively unscathed by pressure on their profit margins.

However, the shelves have been cleaned *of bargains in the* food retailing sector. The better quality stocks – such as William Morrisson Supermarkets, Sainsburys and Tesco – now boast p/es of 13 to 17 times last year's earnings.

Three sectors to avoid are stores; building and construction; and banks.

It is clear that stores had a poor Christmas, although even a few weeks ago they were clinging on to hope. However the impact has not yet fed through to earnings estimates, and probably not fully to share prices. Most stores analysts expect to start the *new year* with downgradings.

Even after savage profits *downgradings* in December in most building and construction stocks, analysts still fear there is further downside, while the upside looks small until there is a cut in UK interest rates.

There are clear signals to stay away from most of the financial services sector, particularly from lending banks. They are still being hit by mortgage defaults, and as corporate bad debts have lagged the personal sector, those *could* worsen.

Bronwen Maddox

Ten top tips for '92 from the experts

***Philip Coggan** seeks advice on new year resolutions*

THE TURN of the year is often the time when individuals consider their personal finances, if only to wonder how on earth they will pay their Christmas credit card bills.

In that spirit, we asked a group of financial advisers for the new year's resolutions that they would adopt for 1992. Here are their top ten tips:

Accept that interest rates and inflation, and investment returns generally, are going to be lower in the 1990s than the 1980s, says Clive Scott-Hopkins of Towry Law. Expectations must accordingly be lower. However, in real terms, the return on asset-backed investments (equities and property) should be higher.

Keep calm in volatile markets, says Nick Mercer of Hill Martin. Remember that recessions do not go on forever and often prove the best time to make long-term strategic investments.

Plan investments on a global basis, says Barry Stillerman of accountants Stoy Hayward. Britons invest in a parochial manner. As they earn and spend in sterling, it has been safer for them to invest in sterling. However, the pound could conceivably be realigned downwards within the Exchange Rate Mechanism during 1992. Get advice on the potential risks and benefits of currency deposits, and on a more global equity-based portfolio.

Obtain the maximum possible benefit from independent taxation, says Peter Rayney of accountants Moores Rowland. If your earnings are substantial (say over £30,000) but your spouse has little income, then tax will be saved by transferring some of your investments or spare cash to your partner as an outright gift. The broad effect is to divert income from your hands (which would have suffered tax at 40 per cent) into your spouse's hands (which would not bear any tax liability up to £3,295 with any excess being taxed at 25 per cent). To ensure benefit is gained in the current tax year, choose investments which will produce income or interest before April 5, 1992.

Try to use your annual CGT exemption for 1991-92, adds Rayney. If the annual Capital Gains Tax exemption is not used up, it cannot be carried forward and will therefore be lost. An individual taxpayer should therefore ensure he makes sufficient gains to cover his or her annual exemption of £5,500 for 1991-92. A married couple each has an exemption.

One easy way of achieving this is by entering into a "bed and breakfast" arrangement. This entails selling a sufficient number of shares in a particular company in order to realise a gain which is within the CGT limit (after indexation). On the following day, the same shares would be repurchased using the proceeds. These shares will therefore have a higher cost base for CGT.

Write your will and consider IHT planning, says James Higgins of Chamberlain de Broe. The Labour party, were it to achieve power, would introduce some harsh inheritance tax rules. What is not widely known is that the Conservatives too have made noises about getting rid of potentially exempt transfers, the allowance which permits you to make lifetime gifts to your children without paying tax. Review your estate now.

Do not rush into tax-based investment plans but choose investments carefully for performance, says Hill Martin's Mercer. Tax planning can then take place afterwards to help shelter the profits to be made. This will help avoid the problem of the tax efficient investment that goes down in value.

Buy advice, not products, says Higgins. This year, resolve to get good advice and not just dressed up insurance products or sales hyperbole; make sure you know what you are paying for and, above all, how much you are paying.

Resolve to maximise your National Savings allowances, adds Higgins. Buy National Savings certificates instead of long-term deposits. They produce tax free growth rather than taxable investment income – remember the Labour party have threatened to reintroduce some form of investment income surcharge. Also index-linked gilts are attractive given that most of the return is in the form of tax-free gain rather than taxable income.

Increase your charitable gifts tax efficiently, says Stillerman. During the season of goodwill pledge to increase your charitable giving, in spite of the recession. If you give less than £600, do so by deed of covenant. This will benefit the charity by 33 per cent over four years. If you are a higher rate taxpayer, you can also benefit by 20 per cent over that period. You could pay all your charitable donations through a charitable trust, such as the Charities Aid Foundation, and let it handle the administration – for a fee. Gifts of cash over £600 should be paid by gift aid so that the tax relief is received in one year rather than four.

New PEP expands options

*But is it just an unnecessary addition to a complicated range? asks **Philip Coggan***

THE THRIVING family of Personal Equity Plans gets a new member from January 1 – the single-company PEP. Introduced in the 1991 Budget by Chancellor Norman Lamont, it adds further complexity to an already complicated product range.*

The new PEP, which has an investment limit of £3,000, can be bought *as well as* a conventional plan (limit £6,000). Thus, investors can for the first time have two PEPs in a tax year; and a husband and wife can open £18,000 worth of PEPs a year.

What is odd about the new plan is that it was already possible for investors to open a £6,000 PEP which invested in just one company's shares. This usually was known as a corporate PEP.

So, the single-company PEP seems something of a needless addition, although it does make life easier for employees who buy shares in their own companies (see David Cohen's story below). Increasing the PEP limit to £9,000 might have been a lot simpler.

You must remember, however, the Government's determination to create a shareholding democracy. The PEP rules have been biased consistently in favour of direct investment in equities and against collective funds such as unit and investment trusts. This is despite the fact that it is much safer for small investors to get access to the broad portfolio of shares that unit and investment trusts can provide.

Those people who should be most interested in the single-company PEP are those who already have a large portfolio of shares. "Large" in this instance probably means a minimum of £30,000, split at least 10 ways. Such people already are taking the risk of investing directly in equities; they might as well do so tax-efficiently.

Even these investors still face two problems. The first is that if most shareholders want to transfer an existing shareholding into a PEP, they must sell their shares and allow the plan manager to buy a similar number and place them within the plan. This adds not only to dealing costs but raises the possibility of a capital gains tax bill on profits earned before the PEP is opened.

The second problem is to ensure that the charges do not outweigh the tax benefits. A good rule of thumb is that if a company is sponsoring a plan, the charges are likely to be more attractive than a scheme offered by an outsider.

Take, for example, the single-company PEP offered by ICI, through Bradford & Bingley. There is no initial charge and the annual charge is only £10, plus VAT. Dealing commission on both buying and selling is just 0.25 per cent; add stamp duty, and the dealing costs of transferring ICI shares into a PEP are only 1 per cent. You would also face a bid-offer spread of perhaps 1-2 per cent. So, the cost to an existing shareholder of transferring £3,000 into an ICI PEP would be, at most, £100.

Chancellor Norman Lamont

The present yield on ICI shares is around 6.5 per cent, so the gross dividend on a £3,000 investment would be £210. The income tax saving from a PEP would, therefore, be £52.50 a year to a basic-rate payer and £84 a year to someone on the top rate. Plan charges ought to be earned back within a couple of years.

That is purely the income tax benefit. Those with larger portfolios might well be CGT payers and so would avoid the 25 or 40 per cent charge on their profits. ICI does, however, impose a closure charge of £5.

ICI's plan is particularly cheap. Hargeaves Lansdown, a financial adviser, levies an initial charge of £15, plus VAT (only on plans opened before Jan 22; thereafter, £50 plus VAT), and an administrative charge of £30 per annum on its single-company PEPs. On top of this, of course, are brokers' commissions (not normally exceeding 1.5 per cent, according to Hargeaves Lansdown) and stamp duty.

So, an investor transferring shares in a low-yielding stock say, Glaxo) into a Hargeaves Lansdown PEP would face a different calculation.

The bid-offer spread, plus the commission and stamp duty on transferring the shares into the PEP, would cost around 5 per cent, or £150 on £3,000. Adding the extra charges brings the cost in the first year to around £203. Glaxo yields 2.3 per cent (or £69 gross on £3,000). On that basis, and even assuming 10 per cent annual dividend growth, it would take a very long time (well over a decade) for a basic-rate taxpayer to earn back the charges in income tax breaks.

To be fair to Hargeaves Lansdown, the calculation would have been more favourable if the investor had not transferred shares into the PEP (incurring two sets of dealing charges) but acquired them directly. The investor might also have gained from the CGT exemption, and the tax benefits would be all the greater if a Labour government was elected.

Nevertheless, the moral is that, if a company-sponsored PEP is unavailable, investors should use outside-run single-company PEPs only if:

- They intend to hold shares for a long time, probably at least five years.
- The stock has a high yield which will enable them to earn back the charges quickly.
- They pay capital gains tax regularly and expect this particular share to be one of the best gainers in their portfolio.

The odds are much more likely to be in the investor's favour if he is not transferring existing shares, and if he is a higher-rate taxpayer.

A final warning. The choice, in terms of companies, is likely to be unlimited. But investors need to be extra careful in their choice. In the past couple of years, a Polly Peck or Maxwell Communications PEP would have brought investors virtually no tax benefits but plenty of losses. Such losses would not be offsettable, for CGT purposes, against other gains.

** The complete range of PEPs is self-select (investor chooses shares); managed PEP; unit trust PEP (limit £3,000); investment trust PEP (limit £3,000 except on new issues); corporate PEP (limit £6,000); and single-company PEPs. Some managed PEPs mix unit or investment trusts with individual shares. Unit and investment trusts with less than 50 per cent invested in the EC have a limit of £1,500.*

Your CGT allowances

THE TABLE shows capital gains tax allowances for assets sold in November.

Multiply the *original* cost of the shares by the figure shown for the month in which you sold them. If you subtract the result from the proceeds of your sale, the difference will be your capital gains tax allowance.

As an example, supposing you bought shares for £5,000 in October 1983 and sold them in November 1991 for £13,000. Multiplying the original cost by the October 1983 figure of 1.57 gives a total of £7,850. Subtracting that from the proceeds of £13,000, gives a gain for tax purposes of £5,150 – below the annual £5,500 allowance. Provided, you realised no other gains during the year, the profit should be tax free.

If you are selling shares bought before April 6 1982, use the March 1982 figure.

Capital gains tax indexation allowances: November

	1982	1983	1984	1985	1986
Jan	–	1.641	1.561	1.487	1.409
Feb	–	1.634	1.555	1.475	1.404
Mar	1.707	1.631	1.550	1.461	1.402
Apr	1.673	1.609	1.530	1.431	1.388
May	1.661	1.602	1.524	1.424	1.386
Jun	1.657	1.598	1.520	1.421	1.387
Jul	1.656	1.590	1.522	1.424	1.391
Aug	1.656	1.583	1.508	1.420	1.386
Sep	1.657	1.576	1.505	1.421	1.379
Oct	1.649	1.570	1.496	1.419	1.377
Nov	1.640	1.565	1.491	1.414	1.366
Dec	1.643	1.561	1.492	1.412	1.361
	1987	1988	1989	1990	1991
Jan	1.358	1.313	1.222	1.135	1.041
Feb	1.351	1.308	1.213	1.128	1.036
Mar	1.348	1.303	1.207	1.117	1.032
Apr	1.332	1.282	1.186	1.084	1.019
May	1.331	1.277	1.179	1.074	1.016
Jun	1.331	1.272	1.175	1.070	1.011
Jul	1.332	1.271	1.174	1.069	1.013
Aug	1.328	1.257	1.171	1.059	1.011
Sep	1.324	1.251	1.163	1.049	1.007
Oct	1.318	1.238	1.154	1.041	1.004
Nov	1.311	1.233	1.144	1.043	–
Dec	1.313	1.229	1.141	1.044	–

Source: Inland Revenue

A tax shelter beckons

***David Cohen** looks at the gains investors will be able to make from January 1 by switching from a share scheme to a PEP*

THE introduction of Single Company Personal Equity Plans on New Year's Day is an *opportunity for investors generally* to top up their PEP portfolios. But it is a much greater boon for employees with interests in share incentive schemes.

By facilitating a switch from a share scheme to a PEP, the new vehicle opens up the prospect of a perpetual tax shelter for employee gains. From January 1, investors will be able to contribute up to £3,000 per year to a Single Company PEP (SCP) in addition to the £6,000 annual ceiling for a general PEP. Contributions must be in cash – not shares.

Somebody holding stock outside a PEP cannot simply transfer it to a PEP manager. The closest investors can get to such a transfer is by selling their personal holding, putting the proceeds in the PEP and instructing the PEP manager to buy the same quantity of the same stock. While this will achieve the desired result, it is likely to involve the investor in undesired costs which a straight transfer would have avoided. The biggest liability is likely to be capital gains tax on the share sale but there will also be stamp duty on the purchase and double brokerage fees.

The great innovation of SCPs for employees – though not for other investors – is that a direct share transfer will be permitted, provided the shares come from an Inland Revenue approved all-employee share scheme.

There are two such schemes. A profit-sharing scheme is based on a trust which uses contributions from the company to buy shares which it then allocates among the workforce. A savings-related share option scheme offers options, which must be funded by employee contributions to a five year savings contract with either a bank or building society.

Both schemes must be open to all full-time staff who have served a qualifying period and both have been overshadowed by the third type of approved scheme – the discretionary option scheme which tends to be exclusively for directors and top executives. The potential link-up with an SCP is the most radical of a series of Government measures designed to boost the popularity of the company-wide arrangements.

A roll-over from an all-employee scheme to an SCP can take place within 90 days of the shares emerging from the scheme. After that, the chance will be lost and the employee will have to resort to the cumbersome and expensive alternative of a sale and repurchase. But if the opportunity is seized, a tax killing will be in prospect.

Since the acquisition of shares under an approved scheme will generally be an exempt transaction, a tax-free transfer to the tax-sheltered SCP will complete a virtuous circle.

Apart from the facility for direct transfers, there is another important respect in which the SCP regime is breaking new ground for the benefit of employees. PEP investment is generally restricted to the shares of quoted companies based in the European Community. This will continue to be the case for general investors in an SCP.

But the restriction is being done away with for shares emerging from an all-employee scheme. So employees of private or non-European companies will be able to enjoy the shelter of an SCP.

This could be particularly valuable for workers in private companies which subsequently go public. The rate of share price growth in such companies frequently outstrips that of even the most go-go quoted stocks. For example, companies which have been floated in recent years on average more than doubled in value in the 12 months prior to flotation.*

Suppose that in 1987 an employee in a private company was granted an approved savings-related option over 20,000 shares at a strike price of 10p per share and when he exercised the option in 1992 the price had risen to 50p. Twelve months later the company floated at £1 a share.

A full sale on flotation would trigger a gain of £18,000 (20,000 x 90p). However, the employee will now be able to transfer 6,000 shares to an SCP after taking up his option. By sheltering these shares he will reduce his subsequent taxable profit from £18,000 to £12,600 (14,000 x 90p).

An SCP must be administered by a plan manager authorised by the Revenue but the manager does not need the consent of the "single company" whose shares are to be held. Hence, employees, particularly of the larger "blue chip" companies, are likely to be courted by a number of different managers. The choice will generally come down to a question of cost, with the plan sponsored by the company itself likely to have the edge.

Employees can afford to ignore the pre-election "buy now while stocks last" salesmanship of the PEP industry. SCPs linked to share schemes will be the sole surviving remnant of the whole PEP paraphernalia if Labour gets its way.

But some speedy action is nevertheless to be recommended. That is because PEP contributions are calculated on a tax year basis.

The first SCP period therefore runs from January 1 to April 5, 1992. Employees with shares which have emerged from schemes in the last 90 days or will do so in the next three months can tuck away £3,000 worth of shares and will then have further capacity from April 6.

*David Cohen is a partner in the City law firm of Paisner & Co. * Source : Paisner & Co – Employee Participation in Flotations 1987-1990.*

FINANCE AND THE FAMILY

Diary of a Private Investor

Caution is the keynote for 1992

FOR a private investor like myself, 1992 looks like being a year for caution. With a British general election due before the summer, the Government *might be tempted to introduce* a "give-away" Budget in March and hold the poll soon after. With the Conservative and Labour parties so close in the polls, the Budget could prove the "make or break" factor.

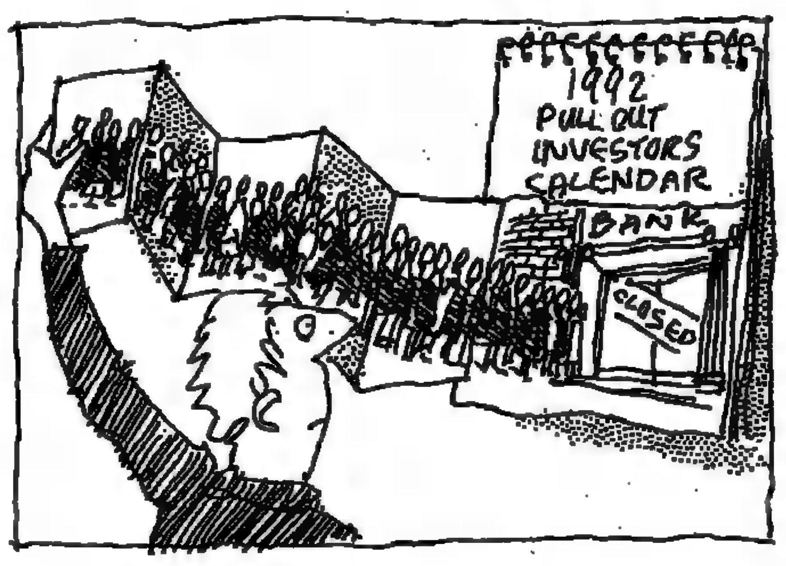
The Chancellor of the Exchequer, Norman Lamont, must therefore produce *something* radical. Hopefully, he will *make dramatic changes* in the capital gains tax structure and give to private investors the same tax breaks now given to institutional investors.

Perhaps the Chancellor will demonstrate the "caring" attitude of the Government by abolishing charges for eye tests; this would cost very little and might then make shares in optical companies more attractive. *Perhaps he will give tax* relief to people employing nannies, home helps, care assistants and similar people in the same way as proposals made in France recently by two ministers in that country's socialist Government.

This would help to reduce unemployment – *and show* the UK Government believes in *equality* by *making* nannies tax-deductible so that the heads of single-parent families can return to work more easily. Such changes would do wonders for the share prices of nursing and domestic employment agencies, and improve the Conservatives' chances of *electoral success*.

The result could still be close, though, and Labour could win, albeit with a small majority. This might not help the pound, so I will certainly be keeping a close watch on *foreign currency rates in case I* need to switch from pounds to Swiss francs or another currency.

The US also has elections in 1992 and already I am concerned that the price-earnings ratios of many companies there are at such high levels that a further downward correction in the stock market seems likely.



From my recent visit to New York, and talking to a number of "average" voters, President Bush appears to be more popular in Britain than at home. If a strong candidate could be found to oppose him, the Democrats might win. Or perhaps the Republicans might prevail on Bush to stand down in favour of someone thought more likely by the voters to tackle the problems of the economy and the country's rapidly decaying infrastructure and educational system.

This might result in a more "protectionist" president, which would have consequences *for exporters in the* UK and elsewhere. Perhaps a new president might also be willing to help solve the US budget problem by raising taxes on oil and refraining from throwing many millions *of dollars into the bottomless* pit of overseas aid to places like Russia.

In Japan, there remains the risk of a serious earthquake, which would have massive consequences for insurance companies around the world. March 1992 is also the deadline for the 8 per cent "capital adequacy" requirements for banks *laid down by the Bank for* International Settlements. On a realistic valuation of assets, one wonders how many of the smaller Japanese banks will meet those requirements with ease. You have only to visit Hawaii to see a number of abandoned building projects where Japanese banks have declined to add to their considerable losses on construction and property loans and investments.

Next year is supposed to produce miracles within the European *Community. It is interest*ing to reflect that Britain's balance of trade with the EC was better before it went into the Common Market. The EC bureaucrats also have failed lamentably to ensure proper *competition* to reduce absurdly high European air fares.

I can only foresee Britain importing yet more goods from other EC countries and exporting fewer while contributing yet more in aid to foreign farmers and other wasteful causes. While the USSR breaks up into ever-smaller pieces, one wonders why anyone thinks full economic *and monetary union* will ever work in Europe.

All is not doom and gloom, though. I expect a number of small companies, probably operating in specialist niche markets, to thrive. And the 1992 Olympics and Expo '92 in Spain will thrust international attention on the country; perhaps now might be the time to try to find a few Spanish stock market bargains.

The year 1992 looks like being one of uncertainty and investments will have to be closely watched so that appropriate action can be taken swiftly whenever needed.

Kevin Goldstein-Jackson

A year for tax reform

Donald Elkin examines what the election might bring

THE BUDGET statement, normally the focus of the financial year, is likely to be upstaged by a general election. Indeed, we might well have two *Finance Acts in 1992*.

Should the Labour Party win, it has indicated that taxes will go up. Top-rate income tax will rise to 50 per cent and the 1992/93 ceiling of £21,060, above which employees *do not have* to pay National Insurance contributions, will be eliminated.

Additionally, all but the retired will face a 9 per cent surcharge on investment income above £3,000 a year. All tax relief and tax avoidance arrange*ments will be scrutinised and inheri*tance tax will be beefed-up.

Only those with earnings of less than £20,000 a year can be sure of avoiding a bigger bill. It is, however, promised that the reforms will be gradual "so that family and business *budgets are not disrupted.*"

In sharp contrast, the Conservatives, while still pursuing a basic income tax rate of 20 per cent, also plan significant cuts in capital taxation. If there is, as hinted, a big increase in the starting figure for *inheritance tax, married people whose* wills contain legacies or discretionary settlements of amounts equal to the nil rate band (now £140,000) when they die might need to amend them swiftly.

Other coming changes in tax law are less likely to be affected by party differences, although a change of government could make it more difficult to find space for them in the legislative timetable.

Implementation of the September 1987 report of the Law Commission on domicile is a case in point. This has been accepted by the present Government, which intends to introduce legislation as soon as possible.

Since the proposals look like eliminating most of the unsatisfactory aspects of present law without produ*cing wholesale changes in domicile* statutes generally, they should fare rather better than the previous attempt to amend the law in 1958. Nevertheless, all those with an international aspect to their lives should pay close attention.

Also uncontentious are plans to amend the tables which determine what part of a purchased life annuity is subject to tax and what, being a return of the capital invested, is exempt.

Since people are living longer than when the present tables were prepared in 1955, the exempt part of each payment will be reduced. Adoption of the new tables looks unlikely before April; so any older expatriates returning to the UK soon, and who had planned to provide for their future income by purchasing an annuity, should take action sooner rather than later.

The law relating to UK resident trusts also is due for revision following the issue of a consultative document in September 1991. The present Government is aiming for a tax regime no more nor less onerous than if no trust had been formed but a Labour administration, suspicious innately of such arrangements, could *well take* a much more robust view.

There is, however, one area of potential change which transcends the choice of a national government.

A recent High Court decision, affirming the principle that a non-resident company claiming repayment of UK tax is not entitled to have interest added to the date of the refund purely because it is a non-resident company *(the position is the same for individu*als), is being challenged in the European Court.

Discrimination by nationality is forbidden under EC law, and the European Court has ruled already that this might be brought about indirectly as a result of discrimination by residence. If the ruling goes in the taxpayers' favour, a number of areas of UK law will become subject to doubt.

Is it lawful, for example, to limit the grant of allowances to those non-residents who are British subjects (plus a *few other categories)? Is it acceptable* for non-residents to be forbidden to invest in PEPs or be denied relief for business expansion schemes?

If such things are unlawful, the government of the day will have to decide whether to extend similar treatment to all EC nationals or withdraw it altogether. Watch this space.

■ *Donald Elkin is a director of Wilfred T. Fry of Worthing, West Sussex.*

Homeowners emerge from their shell

THE HOUSING market might be depressed but owners are regaining enough confidence to spend or borrow money to refurbish their properties. In a recent survey by the Halifax *Building Society, Britain's big*gest, more than one-third of the 1,500 owners questioned nationally had made major alterations to their properties in the past year.

Under its home improvement *loan scheme, the society* lent almost £1bn in its financial year to end-January 1991. By November 1991, these loans had reached £700m, with indications that they would exceed last year's total. But before *calling in the builders or dust*ing off your DIY manual, consider the following tale.

Ashley Milton, a north London-based estate agency, was asked to sell a luxury two-bedroomed flat in Maida Vale. The owner had spent several thousand pounds transforming the property to give it *what* the agents called "that Berni Inn look."

Plastic Tudor-style beams, leaded panes in place of the *original plain sash* windows, and a mock Cotswold fireplace rendered it a white elephant. The crowning feature, according to the company, was a *burgundy-coloured*, figure-of-eight bath.

"It was on the market for over a year and was down-val*ued to £105,000 when other sim*ilar flats in the building had sold easily for £140,000. Finally, it was repossessed," says sales negotiator Pauline Scott. The moral of this horror story is to consider how your home improvements will affect its marketability.

In a parallel survey of 200 of its valuers and surveyors, the Halifax highlighted those refurbishments likely to increase the value of a property.

Around 71 per cent said that central heating was "the most effective means of improving your house and recouping the cost." New bathrooms, extensions and garages were also singled out. Double glazing, conservatories or a new kitchen were said to add "some value" – but not all of the original outlay.

Many forms of refurbishment add no value, yet help to remove obstacles to a sale. These include insulating walls and roofs, installing shower units and adding attractive features to the garden. The spiralling number of repossessed properties means that any form of face-lifting boosts the chance of a sale, agents say.

According to Bob Mason, managing director of London estate agency chain Ellis & Co., danger areas include new luxury kitchen and bathroom suites at luxury prices.

Extensions generally pay for themselves but you should be cautious when choosing the style

"Some people will go to the top of the range and spend £15,000 on a kitchen only 10 ft by 8 ft. The house might sell more easily but you'd be lucky to get *half of that back,*" he says. A more appropriately-priced kitchen, however, will easily give a return for your money.

Although the experts agree that extensions generally pay for themselves, they advise caution when choosing the style. "You must be careful with more flamboyant ones," Mason says. "If you have an £80,000 traditional 1960s semi, it would be inappropriate to build a Victorian-style conservatory. It would cost between *£10,000 and £12,000* and you would not get your money back."

Bathroom enhancements such as Jacuzzis and saunas, can carry a stigma, particularly in smaller houses. Buyers can also be repelled by stone-wall cladding, Artexed ceilings, brightly-coloured bathroom or kitchen suites, and replacing *baths with showers.*

Potential buyers are also averse to central heating powered by anything other than gas, and think that extensive security measures imply you live in a crime-ridden area.

The experts' recommended extras include installing or retaining period features such as fireplaces, sash windows, cornices and dado rails. Saleability will also be enhanced by installing a second toilet – an increasingly popular request from buyers.

For those with a house in the country, priorities differ. Robin Thomas, manager of the Exeter office of Strutt & Parker, has 10 commandments for a five-bedroom country house set in between two and five acres of land and valued at around £300,000.

Central heating, garden landscaping (including smartening-up the approach to the house) and repainting the exterior are his top three improvements likely to add value as well as improve buyer appeal. A new kitchen comes next, but only if the existing kitchen is particularly shoddy or old.

Buying extra land for a paddock is his fifth priority. "If you were to buy five acres for £15,000, it would not only make the difference between selling and not selling but probably add between £20,000 and £25,000 to the value of the property," he says.

*At number six are the lux*ury improvements that may add cachet but will not necessarily recoup much of the outlay. These include tennis courts and swimming pools. Fewer than one-third of purchasers want a swimming pool, says Thomas, and you could *improve buyer appeal by filling* it in and planting grass or shrubs.

Seventh on the list is a conservatory, which must be on the south or west side of a house to catch the sun.

His final three are a new bathroom, double glazing, and interior decoration. You will get back what you pay on a new *bathroom, he says, as long* as it is "not fitted with all-singing, all-dancing enhancements such as gold-plated taps and Jacuzzis."

Double glazing will also offer a return because of security benefits. He warns against extravagant design. "Interior decoration can add to the marketability," says Thomas. "But if you spend £50,000 on swirls, you can bet the buyer will want stripes, so he won't pay *for your enhancements.*"

The vendor from Maida Vale *might be inclined to agree.*

Sally Hamilton

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	10.25%	Yly
Norwich & Peterborough BS	Postmaster	0733 371371	Instant	£1,000	11.30%	Yly
Coventry BS	Instant Option	0203 252277	Instant	£40,000	11.55%	Yly
Northern Rock BS	Eclipse	091 285 7191	60 Day	£50,000	11.61%	Mly
Birmingham Midshires BS	First Class	0800 444109	90 Day	100,000	12.30%	Yly
Heart of England BS	*Election Bond*	*0926 405488*	*Elec Day*	£5,000	12.00%	OM
Bristol & West BS	Bonus Interest	0272 294271	1 Year	£25,000	12.25%	OM
Skipton BS	Triple Crown Bond	0756 700500	30.4.92	£10,000	12.60%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.90%	Yly
Darlington BS		0325 487171	5 Year	£1	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580 411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	*Instant*	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Northern Rock BS	Current Acc	091 285 7191	Instant	£25,000	10.71%	Mly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 90 Day	0624 663566	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000	12.25%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0622 690555	1 Year	£25,000	9.00%	Yly
Canterbury Life FN		0227 457375	2 Year	£5,000	8.75%	Yly
Financial Assurance FN		081 367 6000	3 Year	£5,000	9.25%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.95%	Yly
Providence Capitol FN		0256 768 888	5 Year	£25,000	9.35%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

Table covers major banks and building societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

Capital gains on warrants

I PURCHASED shares with warrants at offer, the purchase price covered the cost of the shares and warrants at the rate of shares and one warrant for £5, I have sold the shares and am keeping the warrants. What is the formula for the cost of each for capital gains purposes.

■ The cost should (on the bare *facts provided)* be *apportioned* in the ratio of the market value of five shares to the market value of one warrant. Ask your tax office for these values, if need be. You could also ask for the free introduc*tory pamphlet to capital gains* tax, CGT14.

We could have given you a more helpful reply if you had been willing to disclose the name of the company (assuming that it is a UK-listed company), but we respect your desire to keep the composition *of your portfolio secret.*

Tax thoughts from abroad

I HAVE been living and working overseas for the past three years and *pay no UK tax*. I plan to return to the UK permanently halfway through the 1992-93 tax year. Will the income I receive between the beginning of the 1992-93 tax year and the date of my return by liable for UK tax? (My sources of income are my overseas salary, gross interest on a UK bank account, and gross interest on an overseas bank account.)

■ Interest on UK bank account: Yes, except for the period in which you are eligible for exemption under article *11(2) of the US-UK double taxa*tion convention of December 31 1975 – in conjunction with article 4(2). No doubt copies of the convention are available in public libraries in Washington.

Interest on overseas account: *No, by virtue of extrastatutory* concession A11. (as amended on December 4). The free booklet of extrastatutory concessions, IR1 (with supplements), is obtainable from the Inland Revenue Public Enquiry Room, Somerset *House*, Strand, London, United Kingdom, WC2R 1LB.

Salary for work overseas: No, but terminal leave pay may be taxable as you will see from the following Revenue press release of December 6.

The risks of lunching

I AM A committee member of a Ladies Luncheon Club. We meet six times per year in a local hotel for lunch and to hear "After Lunch" Speakers.

Some committee members *have suggested that we ought* to be "insured" but I am told that there should be *no* risk to the committee for "Public Liability" as we do not meet anywhere except the hotel.

The only assets we have are *a slide projector and screen for* the occasional use of the speakers.

We always have sufficient funds to pay the contracted fee for the seasons speakers and it is doubtful whether insurance could be arranged in case we did not.

Apart from some damage which could occur if the projector exploded, my husband and I cannot think of any risk.

■ If the places at which you meet carry their own public liability insurance there would appear to be no need for your club to take out its own insurance. You should make sure that any notice of disclaimer, eg. in respect of theft of personal belongings, which is displayed at the place of meeting is not obscured.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
AmBrit	5½*	7½	4	3.61	Pittencrieff
Atlantic Res	2.15	2.25	2.25	5.70	Conroy Pet
Baker Harris	73	68	53	9.58	Herring
Cityvision	46* ♦	49	25	67.9	Blockbuster UK
Do. 8.5% Cnv Pf	80* ♦	87	66	7.1	Blockbuster UK
Edbro ‡	270*	265	140	24.22	Marrel
New England Props	16§ §§	17	14	11.29‡	TR Prop Inv Tst
Security Archives	276*	272	234	17.66	Brambles Inds
Steadley	354	334	274	558.54	Redland
Sterling Trust	41*§	60	56	10.79☆	Robert Fraser
Wilding Office Eq	19	14	27	3.49	Pentos

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 12.30pm prices 27/12/91. †At suspension. §§Shares and Cash. ‡ For 70.18% not already owned. ♦ Or alternative of 1 Blockbuster share valued at 50p for each Cityvision ord. share, and £1.55p for each Cityvision pref. share. ☆ For 49.5% not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bell Brothers	Aug	8,850 L	(4,300)	-	(16.59)	4.2	(6.4)
Brunner Invest.	Nov	6,720‡	(6,500‡)	5.48	(5.22)	4.75	(4.5)
Caspen Oil	Jul	59	(2,790L)	0.47	(-)	-	(-)
Chrysalis Group	Aug	7,850 L	(5)	-	(1.6)	-	(4.0)
Dwyer	Sept	3,890 L	(864)	-	(-)	1.5	(4.0)
Harvey & Thompson	Jun	11,700 L	(2,080)	-	(30.75)	-	(16.5)
Kelsey Industries	Sept	1,440	(3,440)	20.0	(64.0)	26.0	(28.0)
Kleinwort Charter	Nov	4,480†	(5,000†)	5.49	(6.14)	5.0	(4.8)
Star Computer	Jun	886 L	(2,000L)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Bula Resources	June	34	(7 L)	-	(-)
Capid	Sept	93	(81)	-	(-)
Danae Investment	Nov	240†	(230†)	3.375	(3.375)
Durham (DG) Group	Jun	280 L	(484)	-	(1.0)
Electric & General	Nov	1,550†	(1,670†)	1.5	(1.5)
Forminster	Oct	997	(995)	3.78	(3.47)
French Connection	Jul	4,990 L	(220 L)	-	(0.9)
Hiclare	Sept	52	(81)	-	(-)
Illingworth Morris	Sept	1,130	(2,160)	-	(-)
Ivory & Sime	Oct	2,100	(1,220)	1.25	(1.25)
Northamber	Oct	980 L	(219)	-	(-)
Radiant Metal	Aug	41 L	(61 L)	-	(-)
Riva Group	Jun	1,070 L	(74)	-	(-)
Saleland	Sept	81	(309)	0.14	(0.7)
Stonehill Holdings	Sept	290 L	(650 L)	-	(-)
Verson International	Jul	4,700 L	(583)	-	(0.3)
Waverley Cameron	Sept	248 L	(650 L)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Net revenue. ‡ = Total income. ‡ = Irish pounds & pence.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
First National Finance Corp.	Friday	4.5	6.5	-
Regina Health & Beauty Prods	Tuesday	-	-	-
TR High Income Trust	Monday	1.5	0.4	1.0

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Gloomy comparison

AS 1991 draws to a close it is worth noting the similarities between the mood now, and that which prevailed at the end of last year. Then, as now, the market was gloomy about the economic outlook and no-one *predicted recovery in the near*-term.

The comparison can be taken further. This time last year directors were buying heavily and were rewarded with a 22 per cent rise in the market over the first three months of 1991. Over the last two months, directors have again been buying heavily.

The sale by William Brown, deputy chairman of Scottish Television, follows STV's success in retaining their ITV franchise, without even facing a rival bid. The shares have doubled over the last 12 months and are now just off the top. Brown's sale is of shares received after exercising an option some time ago.

Racal's directors have left the market in no doubt as to their feelings on the value Racal shares now that the Williams Holdings bid has failed. This week they accumulated a further 2.5m shares at prices well below the value of the cash and share offer terms. It will be *interesting to see if this* buying continues now that the bid has lapsed.

Robert Evans, chairman of *Enterprise Computers*, has developed a remarkable appetite for his own stock. Having first bought 1.3m shares at 8p in early October, he has continued to buy and the latest purchase of 500,000 brings his total *holding to 4.87m – 6.6 per cent* of the ordinary shares.

Six directors of Trafalgar House have bought a total of 68,000 "A" shares at prices mostly around 120p. While this may seem significant, it should be remembered that Sir Nigel Broackes sold 1m "A" shares 238p in September.

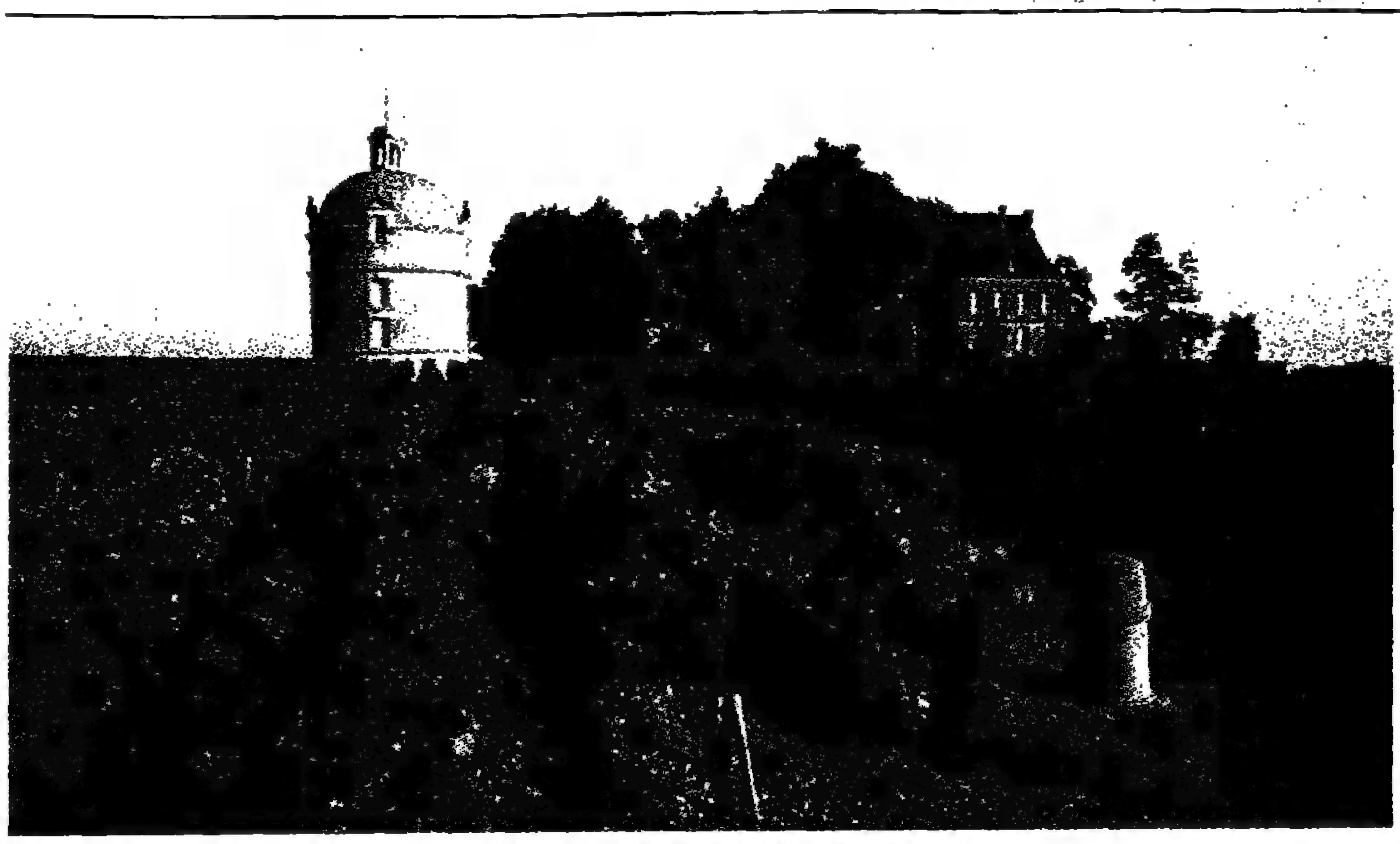
Angus MacDonald, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Candover	25,000	56	1
Hammerson Property	5,000	26	1
Johnson Matthey	9,167	29	2
Leslie Wise	1,500,000	870	2
Lloyds Chemists	4,911	15	1
MacFarlane	100,000	190	1
Marks & Spencer	30,000	87	1
Merchant Retail	500,000	173	1
Pentos	81,352	113	2
Ranks Hovis	68,836	164	2
Savage Group	34,000	17	1
Scott Pickford	42,500	14	2
Scottish Television	75,000	435	1
Shanks & McEwan	207,500	406	1
S G Warburg cnv dfd	10,000	26	1
Youngs (H)	45,000	31	1
PURCHASES			
Acsis	1,044,055	21	1
Aegis Group	100,000	112	1
Albany Inv Trust	70,436	56	5
Astec (BSR)	100,000	10	1
Beauford	37,000	11	2
British Borneo Pet	22,391	46	4
British Telecom	5,100	17	4
Chloride	141,065	11	2
Clayhithe	50,000	21	1
Enterprise Computer	500,000	75	1
Forward Technology	250,000	35	2
Gestetner	100,000	108	1
Plaxtons	93,250	40	5
Racal	2,500,000	1,275	10
Sanderson Elect	25,000	30	1
Simon Engineering	5,500	13	3
TIP Europe	20,000	10	1
Trafalgar House	68,000	80	6
Vistec	250,000	33	1
Wace	30,150	49	7
Wimpey (George)	20,000	26	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 16-20 December 1991.

Source: Directus Ltd, Edinburgh



The tower and vines at Château Latour: the '61 vintage produced a mammoth wine that's still not ready to drink

A great year for claret

***Edmund Penning-Rowsell** samples the 1961 vintage from his own cellar*

ONE OF the few really great claret vintages of the century was produced in 1961 – the best since 1929. Extensive *coulure* (dropping of the vine flowers) meant that, except for the catastrophic, frost-destroyed 1956, it remains the smallest since the Second World War.In the vital pre-vintage months rainfall was low.

Low profitability of even classed-growth châteaux in the preceding 30 to 40 years had meant reduced replanting in the vineyards, a high average vine age and a low yield. For example, Latour produced only 63 *tonneaux* in 1961, as against 118 in 1959 and 170 in 1955 (1 tonneau equals 100 dozen bottles.)

Not surprisingly, the opening prices were deemed by buyers to be extravagantly high. Lafite came out at Ffr 27,500 a *tonneau* compared with Ffr 11,000 for the fine 1959, while Cheval-Blanc, lowest of the first growths, opened at Ffr 15,000 instead of Ffr 6,500 two years earlier. When first offered retail here in 1963/1964 they cost around £2.25-£2.75 a bottle – about double the 1959 price – although in 1963 I did buy a case of Cheval-Blanc for £1.50 a bottle from the Wine Society. (To take account of inflation these prices must today be multiplied at least 10 times).

The vintage's exceptional quality was immediately recognised. The vintage was not very tannic, like the similarly small-yield 1945s. The wines have maintained their very high reputation ever since. Pétrus apart, *hors concours* in price and quality today, the first growth '61s sell for between £200 and £300 a bottle at auction.

Now 30 years old these wines are mostly at their peak.

Some of the lesser classed groups are beginning to slip, although still very drinkable. As I was fortunate enough to acquire at original prices and able to retain some bottles, a dinner was held a week or two ago to taste six of the '61 first-growths by the party that assembles annually to taste them when ten years old, plus an experienced amateur.

The wines, served in the customary order – Haut-Brion, Latour, Margaux, Lafite, Mouton-Rothschild, Cheval-Blanc – were decanted at 7.15pm the first being drunk soon after 8pm, the last at 9pm. I made my notes at the table, and have included here a representative selection of those made by the other six diners.

Haut-Brion. Medium colour, wonderfully fine elegant nose, with typically Graves bricky bouquet that developed and held in the glass, very well balanced flavour on light side, but fruity and long all the way. An outstanding start to the tasting – perfect balance on the nose, wonderfully rich, fully developed on palate, no residual tannin, complete, not a heavyweight, malt on the nose, not huge, delicious.

Margaux. Brownish tinge, insistently rich nose, much more than Haut-Brion, showing different Médoc style. Soft on the taste, perhaps showing a little age at the finish, but typical fine Margaux – glorious bouquet, after an hour showing the rich, classic cedar and ginger biscuits; more developed tawny colour than Haut-Brion, nose strongly perfumed, powerful attack on palate but fades; missing a little sparkle on the nose; slightly short on finish at first, but later very sweet.

Lafite. More colour than the preceding two wines, very elegant nose and fine aristocratic Médoc flavour, but a little dryness at end; to be drunk – very deep colour for Lafite, nose harmonious, gentle, fragrant, soft yet firm on palate, subtle, lovely drink – savoury, exciting bouquet; very sprightly and youthful; the most drinkable in quality; marvellous a little dry; a romantic nose, slightly thin; sweet finish, good bottle-age.

Mouton-Rothschild. Deep colour, rich nose, velvety. Soft, very engaging taste, lacks a little middle, easy drinking, at best – glorious, immediate Mouton nose, cabernet-sauvignon, mint and eucalyptus, dry, full-bodied, a copy-book Mouton, years of life ahead; simple, big wine, very deep crimson, lead pencils on nose, very ripe, perhaps slightly unsubtle; wonderful colour, lovely perfumed nose, very ripe velvety, huge colour, marvellous; sweet entry and end, too sweet.

Latour. Very big colour, rich, concentrated nose and lovely deep taste, heathery, wine of great class, quite distinctive and more than others will still improve – immensely deep appearance, meat, thick nose that did not develop in the glass, hefty yet not clumsy, austere yet packed with fruit, needs 10-20 years; still some tannin and masses of alcohol, most youthful of the lot. Mammoth wine, definitely not *à point*, but still delicious; not ready.

Cheval-Blanc. Good colour, very attractive sweet bouquet, rich old-tawny port taste. Very round, full-bodied, complete but to be drunk – surprisingly deep colour, brown rim, glorious vinosity and fragrance on nose, but faded after an hour, very sweet, fleshy, rich; glorious nose, very unclaret-like, lovely now, very flattering nose, round unsubtle fibres on palate, drying at finish; almost port-like, hint of chocolate, a wine that will last, deep cherry red, sweet delicious, smooth, soft; incredibly sweet, rich, soft, round, very bright colour, raspberry flavour.

After the glasses had been refreshed the wines were voted on a one-to-six scale: the lowest total first, the highest last. 1 Lafite 16; 2 Haut-Brion 17; 3 Cheval-Blanc 22; 4 Mouton-Rothschild 25; 5 Latour 29; 6 Margaux 38. The voting range was narrower than usual, and there was not a poor wine among them although perhaps the Margaux bottle was not up to form, for I had tasted a delicious, perfect magnum in London, a month earlier. Difference of preference were partly related to variations in the style of the wines: soft, more Merlot-influenced Médocs, or more powerful Cabernet-Sauvignon-dominated Pauillacs. Lafite secured five firsts, but personally I was a little disappointed and in such a collection I put it last. Haut-Brion was unanimously admired. Latour was generally judged not ready, but carried away by its depth, concentration and richness it was my favourite. *De gustibus* . . .

As on previous first-growth tastings reported in this column, only one bottle of each wine was opened, and on 30-year-old wines some bottle variation must be expected. On a different occasion other results might have been obtained. But in this rare tasting opportunity the outstanding quality of the vintage was confirmed.

Stuff the turkey and pick pork

***Philippa Davenport** picks a comforting pot roast*

THIS IS the halfway stage, when the cook comes up for a gulp of fresh air midway between Christmas and the New Year. *Courage, mes braves* . . .

The chances are that what everyone wants to eat now is something completely different from the Christmas bird. The easier that something is to cook the better I will like it.

POT ROAST LOIN OF PORK makes an appealing choice, comfort food, handsome with it and a cinch to carve if the butcher bones it for you, peels off the rind and some of the fat, then rolls up the meat and ties it into a neat bolster.

Choose a long narrow loin of pork if you can, one made up of lots of small chops rather than a few large ones, because a long, not-too-dense bolster of boned-out meat tends to cook more evenly than a short, very solid one.

A loin weighing 2 lb or more after boning and rolling will serve 5-6 people. Get two such joints for a larger party or if you want enough meat left over to serve cold afterwards. And remember to bring the rind and bones home with you. They are the chief source of good gravy, and garden birds will enjoy pecking fatty scraps from the rind when you have finished with it.

I suggest flavouring the pork just before cooking by stabbing the flesh here and there and inserting into the wounds tiny dabs of an aromatic paste made by crushing together a mixture of garlic, rosemary and toasted coriander seed.

Or, if you have the energy to do it (it means rolling and tying the joint yourself), make a pocket-like slit down the centre of the meat and fill the seam with a fragrant inky black MUSHROOM STUFFING. For the stuffing, finely chop 4-6 oz flat black mushrooms and sauté them in the merest smidgeon of oil for about 5 minutes until most of the liquid has been driven off leaving the fungi dramatically reduced in bulk and richly concentrated in flavour. Season with salt, pepper, crushed garlic, toasted and powdered coriander and cumin seed.

Choose a sturdy flameproof casserole for cooking the pork, preferably oval. Put the pork skin into it, fat side down, and place over low heat. Remove the skin when the fat begins to run freely from it, and colour the bolster of meat and the chopped bones all over, frying the meaty ends of the joint quite lightly and the fat-coated remainder more thoroughly.

Take the meat and bones out of the pot, return the rind to the pot, again laying it fat side down. Place the joint on top and arrange the bones round it. Add a papery brown onion skin here and there to give the gravy appetising colour. Moisten the joint by pouring on 3 fl oz of hot liquid; say 6 fl oz very light stock plus a few spoonfuls of dry sherry.

Cover the casserole tightly and slip it into an oven heated to 350°F (180°C) gas mark 4. Immediately reduce the temperature to 325°F (160°C) gas mark 3 and pot roast, turning the joint occasionally, for two hours or until tender, succulent and cooked through – the juices should run clear when pierced with a fine skewer. Strain the gravy and spoon off the fat before serving.

A dish of very different character but another firm favourite in this household is affectionately known by my husband as IRISH STEW AND A HALF, a name chosen because it is in effect an Irish stew with added extras. Sophisticated it is not but it is one of those dishes in which meat, potatoes and gravy are perfectly fused by long slow cooking, and as everyone knows, there is nothing quite like a surfeit of rich party pieces to set up a longing for nursery comforters.

The other great virtue of this stew in my view is that it is easy-peasy to do and blessedly good tempered. You need a sharp knife for trimming the meats and a mandolin to speed the slicing of the potatoes, but once these tasks are completed you can hang up your apron. The ingredients are simply packed into a pot, they go into the oven raw, and it is almost impossible to overcook them. In fact leftovers – should there be any – are almost better reheated next day than first time round.

Irish stew is traditionally cooked in a deep pot, the ingredients being built up in alternate meat and potato layers. Given the variety of meats used in this version, and the eagerness of most people to get a piece of everything, it will avoid messy and unsightly excavations if a large shallow dish is used instead. A lasagne dish will do well.

To serve four with good appetites or six modest eaters I allow 4 thick cut lamb or mutton chops, preferably middle neck, 2 plump pigeons and 4 meaty rabbit joints.

If the rabbit is wild and well past the first flush of youth marinate it for a day or two before cooking. Save the saddle of young rabbit for roasting, grilling or poaching and use the legs and shoulders for this stew, trimming them carefully of thin meatflaps, rib cage and so on so they look neat and do not take up too much room in the dish.

Cut the pigeons in half, again trimming them neatly. The backbone and other bits will make a fine soup. Remove excess fat from the lamb: it can be rendered down to dress the potatoes that top the stew.

Chop an onion or two and use them to line the base of the dish. Scatter with the finely grated zest of 2 small oranges, thyme, parsley, sea salt and black pepper. Add a bay leaf here and there. Dust the meats with flour and lay them on the herb strewn bed. Arrange them in groups of three, each chop flanked by a joint of rabbit and pigeon, for easy serving. Overlap the meats within each group if needs be and tuck thick slices of black pudding (4-6 oz in all) between the trios. Sprinkle with sea salt and pepper and pour on 1¼ pt of light stock plus the juice of 2 small oranges.

Cover the meats with peeled and sliced potatoes, 1½-2½ lb of them, seasoning well between layers. Press everything down into the dish with a potato masher, gently but firmly, to level the ingredients, then anoint the top layer of potatoes with some melted lamb fat (or flakes of butter) and cover the dish with a well fitting lid or foil.

Put the dish into an oven heated to 200°C (400°F) gas mark 6 and cook for 40 minutes. Then press the ingredients gently down into the dish, reduce the temperature to 160°C (325°F) gas mark 3 and cook for 1½ hours. Finally, press the ingredients down into the dish once again and cook for a further 30 minutes or so, this time without the lid to reduce and concentrate the gravy slightly and to give the potatoes a little colour.

By the end of this time the meats should be so tender that a fork will pull them easily away from the bones, leaving the bones skeleton clean, and any marrow or gristle that was present in the sheep meat will have dissolved to enrich the texture and taste of the gravy.

The only blemish on the otherwise impeccable character of Irish Stew And A Half is its lack of great visual appeal on emerging from the oven. This, however, is easily rectified by scattering the expanse of rather uninspired monochrome potatoes with a handful of fresh chopped parsley – a suitably green finish for a dish from the Emerald Isle and providing the diner with a good dose of vitamin C into the bargain.

Gardening

A stealthy bulb colony

ABOUT 15 years ago I planted a few bulbs of Sternbergia lutea in a mixed border of plants which they shared with more familiar bulbs of daffodils, crocuses, grape hyacinths, scillas and chionodoxas as well as fuchsias, day lilies and some miscellaneous hebaceous perennials. In this mixed company, they just about held their own but were not a runaway success.

. . . Or so I thought until this year when, to my astonishment, I find that sternbergias have established themselves firmly in a neighbouring rocky bank as well as having made more and better colonies in the border in which they were planted and in other places further afield. The oddest thing is that the new habitats are nearly all places where the going is rougher and the competition keener than where the sternbergias started.

I find that plants are like that; they move themselves around by self-sown seeds, or by bulbs pulled from one place to another by mice, birds and other creatures and also by other means.

With my hardy cyclamens, which travel a lot, I suspect mice have been the seed carriers. With the sternbergias it could, of course, be bulbs which have been dragged from one place to another as food, perhaps not totally consumed by whatever animal was dining on them.

Maybe I have got my colonies in more favourable places than I realise for I see that the *Guide to Bulbs*, an old but excellent book by Patrick Synge, records that in Greece it grows in the mountains among rocks, and in short grass. It is also found in Turkey, Palestine and Persia, though Synge does not describe the conditions common to these places. It must be widespread in Palestine if it is really, as many experts believe, the "lily-of-the-field" of the Bible story.

Although this is a very beautiful plant, it remains little planted, why I do not know. Superficially, it looks like a first-class clear yellow crocus although it is totally unrelated, a member of the amaryllis family, not the iris family.

From my experience, it does not seem to be at all difficult to grow, though I think it does need quite a lot of sunshine and warmth. The narrowly strap-shaped, shining green leaves come with the flowers from late August until October. This year they seem exceptionally late for they were still in good flower at the end of November. At first, the leaves are short so that the flowers stand above them but they lengthen rapidly to six inches or more and curl outwards to decorative in their own right.

There are several other species of sternbergia but all are much scarcer than lutea. I cannot recollect having seen any of them except S. clusiana, the yellow flowers of which are twice as large and much more globular than those of lutea and they come before the leaves appear.

It is said to be quite hardy yet it is nearly always grown in pots or pans in an alpine greenhouse or frame, presumably to ensure good ripening of the bulbs in summer to prepare them for flowering. However, my guess is that this plant, like S. lutea, is a great deal easier to grow than the experts make out. It is unfamiliarity rather than difficulty that has kept it scarce.

Now that *The Plant Finder* is available to help us find a ready source of supply for these, and many other scarce plants, we shall probably find them ceasing to be rare. This admirable publication lists 16 sources of supply for Sternbergia lutea, six for clusiana, five for one named sicula, three for caudata, two for fischeriana and one for colchiciflora. No-one has the lot which means that a serious collector must shop around.

Synge makes the comment that Sternbergia lutea succeeds very well on chalk soils. That is interesting but it does not get chalk in any shape or form in my garden where it isthoroughly at home.

Synge also recommends planting the bulbs 4in to 6in deep but I am never quite sure whether that kind of instruction means burying the top of the bulb beneath that much soil or putting the bulb into a hole of that depth, which can make a big difference with a bulb as large as that of S. lutea. The tops of my bulbs, I guess, are just 2in to 3in below the surface.

Arthur Hellyer

Plant of the week

Cyclamen F1 Hybrid

This is a typical modern hybrid variety of Cyclamen persicum, the species that has been highly developed by plant breeders for greenhouse cultivation and indoor decoration. It is grown from seed which does not always germinate rapidly or regularly. It is best to soak seeds for 24 hours in hot tap water and then sow 2-3mm deep in good quality seed compost in a pan and cover with tinfoil or black polythene to keep dark. The temperature should be 15°C-20°C. More than this will induce dormancy. Seedlings should commence to appear in about three weeks and should be pricked out immediately, the rest left undisturbed. The best sowing times are from August to March. Cyclamens make corms which sit on top of the soil and get bigger every year but do not split or produce offsets..................*AH*

Storms and a Texan's kisses

***Robin Lane Fox** on a year in which he discovered Esther Rantzen*

LOOKING back on their years, gardeners always grumble. Yet the grumbles of 1991, heavy snow in January, a long dry spring, storms in June, the dry autumn and sharp frosts in early December were interruptions in a kinder and gentler pattern. For me, the year peaked in August when most of Britain looked green and lovely and the evenings were suffused with a soft light. Everything grew madly after a slow, dry start and new ideas came thick and fast, like petals off the second crop of roses.

First, there were new types of pulmonaria, those spring-flowering border plants with spotted leaves which breeders and plantpersons have jazzed up in the past few years. Highdown Blue still strikes me as the best, a deep rich blue whose flowers look marvellous with pale narcissi and show up anywhere, even in urban shade. Whites and reds are turning up everywhere and the sky blues need hunting out too: watch for Frühlingshimmel. This spring-flowering family's worst enemy is its popular English name: Spotted Dog.

By early June, it was time for some maligned old favourites, the lupins. They have given new heart recently by the two brothers Woodfield at their small Warwickshire nursery near Stratford-on-Avon. You have probably seen their plants at the Chelsea Show. The Woodfields' back garden is neither large nor weed-free, but it is the scene of intensive breeding in lupins and delphiniums. In 1991, I relearned the old lesson, that plants of these families are second best if they are raised at random from seed. After seeing theWoodfields' named lupins and delphiniums, you will not object to paying £3.50 a plant.

By mid-July, I had re-learned this same lesson in the family of sweet peas. Again, the story begins at Chelsea where Norman and Sylvia Brackley show great bowls of their own varieties in most of the colours from cream to crimson. Almost too late, I ran them to ground in April among their plastic tunnels on an allotment at Wingrave, in Buckinghamshire. Sweet Peas have been in the Brackley family for nearly a century but they have continued to move with the times. To prove it, I returned with a load of the tabloids' sweethearts, Esther Rantzen, Nanette Newman, Felicity Kendall, and the discreet Sarah who is really Fergie without her title. After a near-disaster in the sudden cold spell in June, I ended up with a long wall of popular sweethearts who flowered until mid October and graced room after room with a classic scent. Forget the fashion for old and antique nostalgia in this family. These new forms are sweeter and better: I never expected that Esther Rantzen would be my great discovery of 1991.

Beneath her, in overkill, I tried yards of perennial penstemons. They have had space here already, but I must report that not one of them has died after the recent cold weather and at most, the tips of their stems have gone brown. The last of their flowers appeared in late November and in 1991, everything promised and written about this family's long season has been true. If you want a garden which does not decline from July onwards, you should hunt for various forms of this family in next year's Plantfinder, mixing the colours discreetly.

In general, it has been my year for relentless Plantfinding. The good book, by now, has quite changed gardeners' horizons. Like me, you can telephone and pester, question the specialists for their personal selections and spend hours in the bath imagining unknown members of half-familiar families. The Redhot Pokers are a dream; my winner, however, has been a small Campanula, bred in the 1930s and largely forgotten since. Called John Innes, it grows about six inches high, flowers for months and has strength, elegance and special merit as an edging. Only one supplier is listed nowadays, so you may have to be patient, but a single plant soon splits into 20.

As for the best memories, for once I have too many. Perhaps it should be some cream-yellow Sisyrinchium among mauve-blue Campanula latiloba Highcliffe beneath the pine trees at Kiftsgate in early July. Perhaps it should be the half-hardy salvias at Powis Castle or a wonderful plant of Hebe Hagley Park, growing not far from the M25. Personally, I would re-run one August morning when rare clematis were twining all over the shrubs around me, yet more clematis were pegged down horizontally in great mats of colour and I myself had broken visiting hours and intruded on the private garden of that great connoisseur, John Treasure at Burford House near Tenbury Wells. On a sheltered wall, there were flowers all over his true Clematis Texensis, scarcely hardy in lesser gardens, but covered with half-open flowers like rose-pink kisses of the wildest beauty from Texas.

Give a receipt this year

***Peter Knight** explains how to exchange unwanted Christmas presents*

YOU'VE already got Nintendo's "Super Mario's Land" and you'll *never*, ever wear that purple nylon tie from Aunty Dot. Do you curse your luck and dump your unwanted Christmas gifts in the cellar, or can you exchange them for something better?

Returning products to shops was once a technique used by assertiveness *trainers to get* their pupils to be more bullish.

The recession has brought about some changes in attitudes and shopkeepers in general are keener to please and more enlightened about taking things back. Some will even give you money in exchange for an unwanted gift – *but* only some.

As a receiver of a gift you have no legal rights to exchange the goods because the contract is between the buyer and the seller. Buyers enjoy a number of statutory rights that protect them from being sold, *for example*, faulty goods and products that have been wrongly described.

These rights cannot be assigned, although the law has never been tested on this point. The Consumers' Association says it might be worthwhile for those giving presents to make *some attempt to assign* their rights.

Aunty Dot could word her cards something like this: "To darling Peter, I give you this wonderful purple nylon tie *with all my love and* I hereby assign to you my legal rights as the buyer. Please also find the receipt stuck up the narrow end."

Keeping receipts is tiresome, particularly at Christmas when they collect like confetti, but they are important because *most shops ask for proof of* purchase before exchanging goods or giving money back.

You may think that shops which stock only their own label should have no need of proof (where else, after all, could it have come from?) but these shopkeepers, like the others, *have to protect themselves* from giving refunds to shoplifters. If you pay by cash, keep the receipt. A cheque stub or credit card receipt is sufficient proof if the till receipt is lost.

If whatever it is you were given has something wrong with it, the shop should exchange *for* an undamaged version without any problem. If you have received some truly hideous or simply unwanted gifts this Christmas, here is what you should do.

■ Leave the packaging untouched, especially if the article is sealed.

■ *Try and get the receipt from* the giver. If this is not possible, find out where it was bought.

■ Gather all the packaging – even if you have opened it or caused some damage to the box – and go to the shop as soon as possible. Shops are far more tolerant if you bring the goods back within a few days.

■ Ask the manager what the exchange policy is. Some shops give a cheque as a refund. Most will exchange the goods for something else of equal value *and others will issue a credit* note or gift vouchers. Check the restrictions on the vouchers and credit notes – these often have a time-limit.

■ Decide what course of action is best for you. If you think you are being fobbed off, press until you get the best deal. If *necessary, call the head office*.

There are certain products, such as food, computer games, computer software, lingerie and ear-rings for pierced ears, that most shops refuse to exchange. These are sound decisions designed to protect the next buyer from harm.

Exchange policies differ. Some chains are offering to exchange unwanted gifts for a short period after Christmas, with no need for proof of purchase. Phone your local branch for details.

Here is a selection of policies. If the local manager takes a *different attitude*, call the public relations department at head office.

W.H. Smith undertakes to exchange all goods, including books, tapes and CDs, in a resellable condition. Proof of purchase is desirable, but the final decision is left to the *store manager*.

Liberty will exchange all gifts or issue gift vouchers, except on lingerie, certain jewellery and perfumes (if opened). Buyers can get a full refund with proof of purchase.

Hobbs offers to exchange unwanted gifts within seven days of purchase – no proof of purchase necessary. No credit notes issued. With proof of purchase Hobbs will give a full refund within seven days. After that the store will exchange items for a further seven days.

Chanel will exchange all *goods bought from boutiques*, including unopened fragrances, if returned shortly after Christmas. Chanel's head office (19/21 Old Bond Street, London W1) will exchange genuine Chanel goods in resellable condition if any store refuses to do so.

B&Q will exchange *unwanted gifts in a sellable* condition or will issue a credit Note – no proof of purchase necessary. Full refund given with proof of purchase.

Dixons and Currys will exchange unwanted gifts for item of equal value if the goods are in their original packaging. You must have proof of purchase. Normal exchange policy operates within seven days of purchase. There is a special gift exchange until January 4.

Harrods will exchange or issue gift vouchers for gifts returned within 28 days, if they are in a resellable condition. Exclusions are: lingerie, beachware, hats, cosmetics, some evening wear, pierced-ear earring and personal items from the sports department.

Boots – including Halfords, Fads and Children's World – will exchange unwanted gifts or issue gift vouchers. Proof of *purchase is preferable*. They will not exchange or give refunds on most cosmetics, computer software and games, foods and medicines. The store manager has the final say.

Put on a happy face!

***Lucia van der Post** on simple ways to wipe away that careworn look*

IF YOU spent Christmas whizzing down the ski-slopes or basking on a Caribbean island, then this week's piece is probably not for you. If are one of those who woke up this morning feeling bright-eyed, lean as a whippet and looking younger than your years, then this is probably not for you either. This is for those who have spent the last few weeks toiling and moiling in the supermarkets and the high street stores, behind the sink and in the office, those in, other words, who today probably feel more tired, more groggy and more careworn than they feel is right.

The very best pick-me-up is a holiday but if you cannot quite run to that there are lots of short cuts these days.

Stephen Glass, for instance, of Face Facts, 73 Wigmore Street, St. Christopher's Place, London W1H 9 LH (telephone 071-486-8287), understands the problem only too well.

"The eyes," he says " are one of the first areas to show signs of age. The lacklustre appearance of the eye itself and surrounding areas is often caused by tiredness stress and tension."

Spot on, Stephen. Stephen has long been a purveyor of potions and confidence to women who need to look good and on recognising the problem he developed a solution: The "Salon Eye Facts Treatment", a series of treatments, which seem like a cross between soothing massage and calming poultices. They are designed to rid the eye area of puffiness, tension and pressure. An individual treatment is £25, a course of six is £125 (as the mathematicians among you will immediately calculate, this gives one free treatment).

If you feel part of your problem is that your make-up looks so out of date Stephen is adept at giving his customers a fresh, modern make-up – he sells nothing except his advice so there is no high-pressure bid to make you buy reams of creams and lotions, just lots of com*monsense tips on how to make* the best of the face you have got.

You could embark on more of a broadside approach and go to one of the many specialists around and ask for a complete personal programme designed to suit your skin.

Back in shape: this is the time of year to pamper your body

The Sher System, for instance, has been devised by a mother and daughter team, Helen and Glenda Sher, and its chief virtue is that it is utterly personal.

Helen Sher has been involved in the beauty business for a long time but after years of working in a department store she felt that in skincare above all a much *more personal approach* was needed. Hence the Sher System.

The skin is analysed, ideally in person but those who cannot make it to the studio can fill in questionnaires and do it by post. A simple skincare routine, based on temperature-con*trolled, multiple-rinse* water cleansing techniques, is devised and a group of make-up products suggested.

Our guinea-pig, who admittedly had taken appallingly little care of her skin before, liked the simplicity of the system for she felt she would never follow anything too complicated. After just one week she felt her skin was definitely clearer, softer and less dry. She was personally slightly less enamoured of the make-up, though she thinks that many people will like its simple, unfussy packaging and streamlined approach.

The studio is at First Floor, 30 New Bond Street, London W1 *(telephone 071-499-4022) and* a consultation and a clutch of specially- chosen products (about seven) costs £130.

Jean Ashley used to work in the city but now she provides all sorts of facial help at her own home at 32 Albert Bridge Road, London SW11 (telephone *071-720-4239*).

Blocked pores? Jean will unblock them. Wrinkled brows? She will soothe them. Muddy-looking skin? Jean will cleanse it. All at a time to suit you – she works evenings and Saturdays. She charges £25 for a facial, and in these recessionary times is even offering a mini-facial for £12.50 (this leaves out the full arm and shoulder massages and uses a little mask instead of the full face mask). She will also cleanse backs (useful for those going to disport themselves in *bikinis in hot climates*) tint eyelashes, do a cleanse and make-up.

After the face, you might think of paying some attention to hair.

In the modish world of hot-shot crimpers, Nick, Clarke, is the hottest of hotshot names. Why? Because he was responsible for the Duchess of York's bobbed look, that's why. Ever since, it seems, fashionable heads, from the young Baroness von Bismarck to Sarah Brightman and Paula Yates have been rushing to receive the Nicky Clarke treatment. It so happens that he also cuts hair very, very well.

Until recently he was one of John Frieda's top stylists but he now has his own salon at 130 Mount Street, London W1 (telephone 071-491-4700). He does not predict a single mood or look for 1992 – he believes women should go for whatever it is that makes them feel good.

It could be short, it could be long, it could be curly, it could be straight. What it should never be is scruffy. Hair for 1992, says Nicky Clarke, should be glossy and well-groomed. He notices that customers, who once used to rely on a good cut and then simply wash and blow-dry their hair, are now taking the time to set the hair in pin curls and then using a glosser to achieve a smooth outline.

If you do, however, ask him for something new, directionally and very "1992" what you just might get is this sharp, *short cut photographed below* left.

At Schumi, 16 Pont Street, London SW1X 9 EH, Heinz Schumi sums up the look for 1992 with a proper bob (see photograph below right), blunt cut for extra precision and to give fine hair a look of extra volume.

Heinz uses a special cutting blade to achieve the extra bluntness and also gives a 2mm thinning cut, again to give the illusion of greater volume.

The cut is more or less circular, from ear lobe to ear lobe and when it comes to colour he, too, likes it natural and not too over-stated – for the hair photographed here he used lowlights with copper colours.

At Daniel Galvin, the master colourist, is planning to use even fewer chemicals and fewer solid block colours.

He calls his new colouring technique "Natural Movement". It involves using a minimum of two colours, two to five shades lighter than the natura hair shade and weaving them throughout the top layers. This is much more how natural hair colouring works and it makes the hair appear thicker and more full of light. A vegetable semi-permanent finish helps give additional shine.

A cut above the rest: trims by Nicky Clarke (left) and Schumi (right)

Snooze therapy

IF YOU cannot get to a proper salon worry not, these days there are all sorts of products designed to give a quick boost to jaded skin which you can apply in your own bathroom. Miracles are not guaranteed but a little short-term relief usually is.

One of the most famous of the quick-boosting products is Beauty Flash Balm by Clarins (£13.30) – put it on before making-up and it helps plump out the fine lines and give the face a fresher look.

Immediately before a party face-masks can really make a difference. Shiseido does an excellent one called Vita Perfection mask for £22.50 while Estée Lauder has developed a mask specially for the eye area which it calls Stress Relief Eye Mask. For £17.50 you get 10 sachets.

Givenchy has a marvellous quick reviver called Relaxing Complex – based on a gel formula, it is just the thing to put on in the morning if you have had too little sleep or too much to eat and drink. It is equally good at the end of the day if you are tired and want to look a little brighter. It costs £26.50 for 50 ml.

For the jet-set whose skins *receive a regular bashing* from the combined effects of dehydration and jet-lag there are two products that most beauty editors never travel without – Prescriptives Flight-age Cream (£28 for a 50 ml pot) and Estée Lauder's Triple Crème Skin Rehydrator (£23).

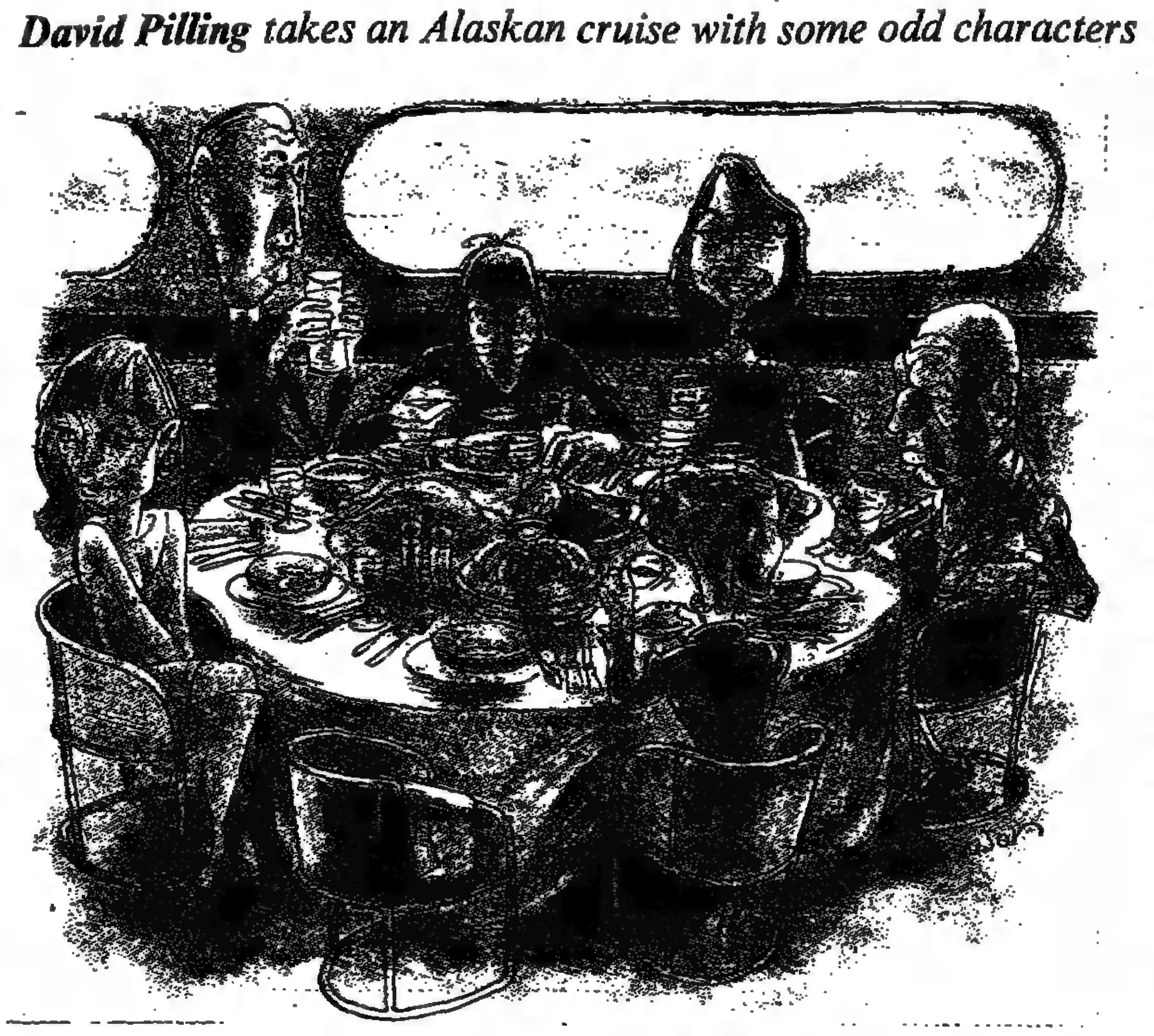
If all that sounds expensive it is worth remembering that the cheapest, quickest, best reviver of all costs nothing and is called A Good Night's Sleep. Good snoozing.

L v d P

TRAVEL

Murder and mystery on the icy waters

David Pilling takes an Alaskan cruise with some odd characters



THE DINERS seated at our oval table were like the cast of an Agatha Christie mystery. There was a thirtysomething American woman whose computer-monitor green eyes flicked around the dining hall in search of potential husbands. Beside her sat a youngish, dark-haired woman, a brilliantine smile stapled to her face.

On my left were a pastor and his wife from Medicine Hat who washed down their caviar with tumblers of milk. There was also an English woman who was looking forward to being reunited with her luggage. (We were sailing through the icy waters of Canada's Inside Passage, her luggage through the air to the Virgin Islands).

Completing the cast was a retired graphic designer from Pennsylvania who said not a word but sized up his fellow diners like a would-be Poirot.

We were all destined to meet three times a day around this oval table as we made the eight-day cruise from Vancouver to south-east Alaska aboard the Norwegian-built *Sun Viking*. It was an ideal setting for murder. I had the presentiment that a member of our party would one day be found dead, slumped face down in the consomé, a last cryptic clue scrawled in lipstick on a crumpled napkin.

In the event there was no murder, though carnage of all kinds was committed. In just over a week, the ship's 700 passengers fought their way through 3,000 lbs of beef, 3,000 lbs of chicken, 1,300 lbs of pork, 550 lbs of lobster and 550 gallons of ice cream, not to mention heaps of fresh salmon.

The *Sun Viking* made four Alaskan ports of call, but many passengers seemed to regard these as annoying distractions from the serious business of eating and drinking. Indeed, the service aboard was so luxurious, the ship's rocking motion so relaxing and its hull so womb-like that many did not bother to go through the birth pains of disembarkation at all.

Instead, they ignored the ship's hooter as we pulled into port, or looked disdainfully towards land from the polished wooden observation deck before returning to the Merry Widow Lounge for another swift gin.

The upshot was that they missed the nearest thing going to a genuine murder – the notorious slaying of Jefferson Randolph 'Soapy' Smith which took place in Skagway, our first port of call. The fact that the event took place 93 years ago did not prevent the inhabitants of Skagway, population 700, from constantly discussing it. Evidently nothing of great import had occurred in the intervening period.

The year was 1898. The Klondike goldrush was in full swing and stampeders were lured in their thousands to the inhospitable Alaskan northlands, swelling Skagway's population from two hardy inhabitants to 20,000 in 10 years. The stampeders' lives were invariably intertwined with that of Soapy Smith, who swindled naive newcomers out of what little they had, and helped the few wealthy returnees to scatter their gold dust in the town's brothels, bars and gambling dens.

According to contemporary news reports, it took only one .38 bullet to end Soapy's illustrious career. He hit the dirt road in Skagway's main street with a thud, but not before putting a bullet into his assassin, the city surveyor Frank H. Reid.

Reid's memorial still takes pride of place in Skagway's cemetery. An unusual cot-like structure of carved wooden railings, it bears an inscription professing the town's eternal gratitude. Soapy Smith is there too, but he has been denied a burial in consecrated ground and lies just beyond the cemetery perimeter like an unruly schoolchild forever required to wait outside the classroom.

Skagway is little more than a tourist town these days, its now-modest population regularly doubled by the boatloads of sightseers that pour from luxury cruise ships. I decided it must have attractions – other than its setting at the edge of a deepwater fiord – and went in search of them in Moe's Frontier Bar.

Alaskans, who suffer long winters with few daylight hours, are America's hardest drinkers. This was summertime, but Skagway's inhabitants were keeping their hand in for the bitter months to come. Nearly every bar stool was occupied by grizzly-looking men in work-worn jeans, plaid shirts and baseball caps. One drinker, who had lost his arm, was using a pincer-like contraption to pour beer into a tall glass and then to sprinkle salt over the top. It made it fizz some, he said.

A hulk of a man who was playing pool used the opportunity of lulls in the game to flirt with the barmaid. She lured him behind the bar before informing him that the penalty for transgressing the threshold (in the absence of a hat) was to buy everyone a drink. The hulk gulped, but obliged, a submission to arcane lore that cost him more than $40.

I left Moe's and sauntered down the main street towards the *Sun Viking* which sat, white and sleek, in the steel-black water. A few minutes later, we slid away from the rickety wooden jetty.

South-east Alaska is a 500-mile coastal strip which clings to Canada's western extremity like a layer of icing. Glaciers abound, though the coast itself is a belt of fiords whose sheer slopes are smothered in rainforest. The region is too rugged for roads, so the flotilla of ferries, barges and tankers which slosh along its icy immensity are a lifeline to the inhabitants.

Our eight days' sailing took us to only the smallest of Alaska's five great regions, yet it was sufficient to appreciate much of the majesty of what Americans call the Last Frontier. On our way to Skagway we had seen a whale, some way off, lunging out of the water. And most mornings we were privileged to see shoals of dolphin.

I travelled in May when it was more than a little cold on deck. Some passengers had come prepared and stood at the bow wrapped in scarves and windbreakers. They sipped piña coladas through clenched teeth as jagged blue icebergs bobbed by. A month later we would have been treated to temperatures of 70 degrees.

Back around the oval table, my fellow passengers began to open up a bit. The English woman persisted doggedly in attempts to prize conversation from the clam-like lips of the graphic designer. He finally confessed to wishing to be left alone – an odd request, this, from a man who had paid hundreds of pounds to be stranded aboard a passenger-crammed vessel.

The milk-drinking preacher was having a grand old time, ordering several starters and main courses simultaneously as a sort of insurance policy against erring in his selection.

No husband had yet been found for the woman with computer-monitor eyes, though the wine waiter was lavishing attention on her. It emerged that this was not her first cruise; indeed, she made something of a habit of following ships around the world like a nautical groupie. When we sailed into Vancouver at the end of our voyage, I was amazed to see that she did not join the other passengers as they manhandled their bags ashore. She had booked two Alaskan cruises back-to-back. Like the gold-diggers before her, she was heading north once more to try her luck.

■David Pilling *travelled c/o Royal Caribbean Cruises (reservations: 0932-820-210). Prices for the eight-day cruise start at £1,165 per person, rising to £2,525 for the luxury of the Owner's Suite. The package includes scheduled flights from most UK cities, hotel accommodation in Vancouver and all onboard food and entertainment. Royal Caribbean also runs cruises in Europe, Mexico, California, Bermuda and (of course) the Caribbean.*

Echoes of the song of Roland

Jill James visits a Pyrenean glade where a myth was made

THE OLD man with the stick is lying among ferns near a stream. Turquoise blue dragonflies, foxgloves, butterflies and beech trees surround him. We are alone at the site of one of Europe's great legends, straining our ears for a sound on the mist – the horn of Roland.

A few minutes earlier the Ibañeta pass had been bright and sunny. But, with the bad-temperedness that the Pyrenées reserves for the unprepared, thick dark clouds came rushing at us as we stood where Roland was said to have been in an inextricable spot of bother more than 1,200 summers ago – Roncesvalles.

The story celebrated in *La Chanson de Roland (The Song of Roland)*, the French medieval epic poem, goes like this: Charlemagne, Europe's great Christian king, was returning to France through Spain after bopping pagan hordes. His best knight, Roland, and a small group of friends and fellow soldiers, led the rearguard. They were attacked and killed by the Saracens.

Roland, hopelessly outnumbered, refused to blow his oliphant, or magic horn, to summon Charlemagne and the rest of the army until it was too late. Mortally wounded, he tried to break his sword, Durandal, to prevent it falling into enemy hands.

Thrilling stuff, but not the whole truth.

Scholars say that *The Song of Roland* was written at least 300 years after the event – possibly by a church clerk, but no-one knows for certain – and that it was not Saracens who ambushed Charlemagne's army in August 778 but the Basques, something which French histories have tended to fudge.

Charlemagne razed their city of Pamplona because its people refused to join an attack against the sultan of Saragossa. The Basques took terrible revenge by attacking and slaughtering the emperor's rearguard.

The church, of course, exploited the Roland legend for all it was worth. It must have been great propaganda in its war against Islam, and probably did the souvenir and relic trade its best turn in centuries.

Today the trip to Roncesvalles – the French call it Roncevaux – is one that requires a great deal of imagination and a small measure of pathfinding skill.

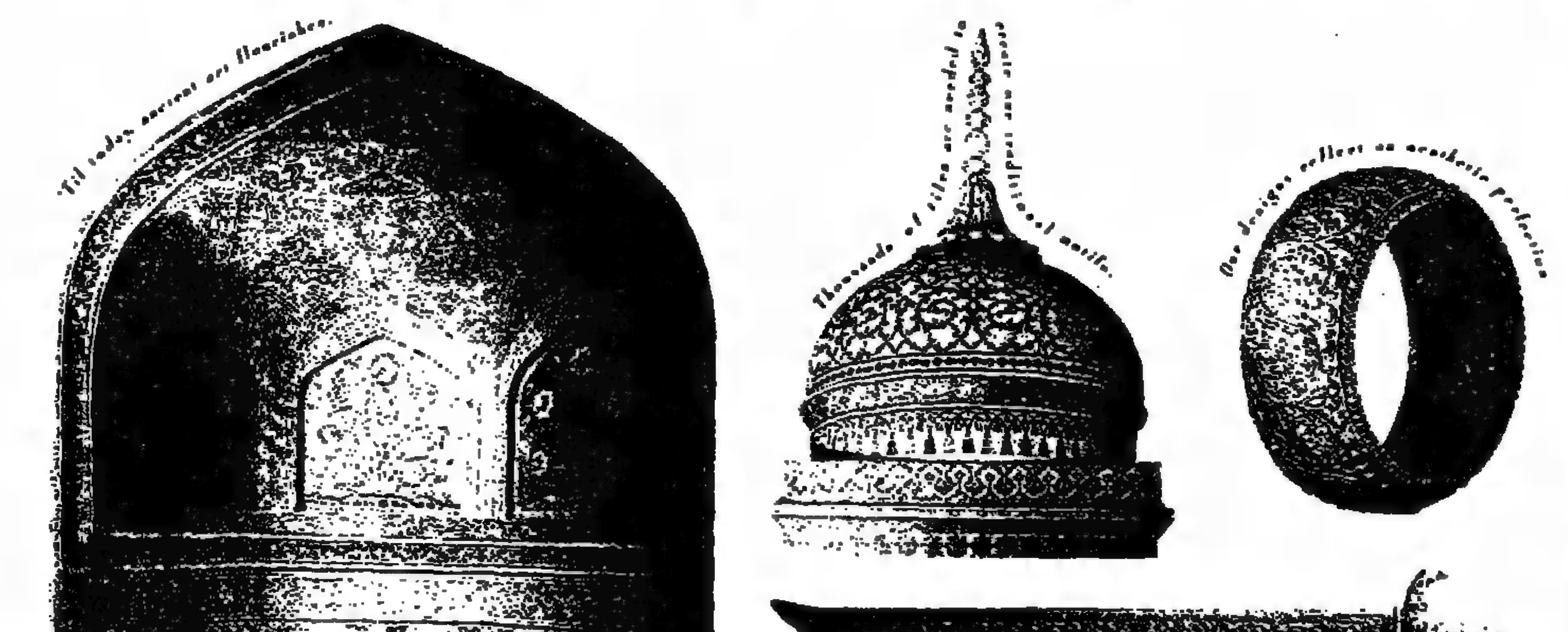
Roncesvalles was an important pilgrim stop on the route from France to Santiago de Compostela. Now it consists of a few houses and a hotel-restaurant clustered around a big Augustinian monastery – which might manage to be a thing of beauty if it did not have a tacky zinc roof.

To get there you need to take the C135 if you are coming from Pamplona, or the D933 if you are approaching from St Jean-Piéd-de-Port and the North.

Walk to the back of the monastery and turn right at the *posado*. A country lane, partly cobbled, runs up to a padlocked gate. Ignore the gate and walk around the gap at the side. It is an official footpath heavily disguised.

Although tourists swarm over Roncesvalles during the summer, few make the effort to find the path behind the monastery. Like me, you may find yourself alone, straining for the sound of battle and a last desperate cry on the wind. It is a place fit for heroes. Take a picnic and choose a good day.

■ Information: Do not bother staying in Roncesvalles itself. Top hotels are available in San Sebastian, Pamplona or Biarritz from which Roncesvalles is no more than two hours' drive. Penguin Classics publishes *The Song of Roland* in a French-English paperback version, at £3.99, translated by Glyn Burgess. It is worth taking with you.



Come fly with me – and we did!

***Peter Berlin** rates Mike Powell's epic long jump record as the highlight of a year in which reality reigned*

FOR the pampered sports fan of the electronic age, 1991 did not offer the feast of action that Olympic and soccer World Cup years bring. There were enough cliff-hanging finishes and moments of genius to satisfy most palates, but reality kept seeping in.

No fan could escape drugs, war, death and greed this year, or pretend that sport and politics were not entwined. The games off the field were often as competitive and engrossing as those on it.

The year's first great sports event, American football's Superbowl, was played 11 days after the start of the air war against Iraq. Outside Tampa Stadium, "Scudbusters" T-shirts sold as well as the shirts of the Buffalo Bills and New York Giants. Inside, after the security checks, the jet fly-past, the flag waving and a passionately mimed version of the *Star-Spangled Banner* by Whitney Houston, the teams played a taut game. The Giants won when Buffalo's Scott Norwood missed a field goal with the last kick of the match.

US sports teams wore their patriotism on their sleeves in the form of miniature Stars and Stripes. Marco Lokar, an Italian of Slovenian descent and a devout Christian studying at Seton Hall University on a basketball scholarship, bore the boos of fans when he refused to wear the flag because he is a pacifist.

But when his pregnant wife started receiving anonymous threatening telephone calls, Lokar gave up on the land of the free and returned home. Life was no simpler there. Lokar's brother joined Slovenian forces fighting the Yugoslav army.

The participation of teams from Yugoslavia in international competitions gave the civil war a surreal edge. Hajduk Split played the home leg of their first-round European soccer tie in Austria because the civil war meant their home stadium in Croatia was not safe. The Yugoslav champions, Red Star Belgrade, played the home leg of their first-round European tie in Hungary for a more traditional reason: their fans had rioted the season before in the European Cup semi-final. Red Star went on to beat Marseilles on penalties in a dull final and became Yugoslavia's first – and perhaps last – winner of the competition.

By December, UEFA, European soccer's governing body, was struggling to keep up with political events. It asked Denmark and Italy to stand by for next summer's European Nations championship in Sweden in case Yugoslavia and the USSR, whose teams swept through the qualifying rounds, dropped out.

It was an eventful year for two of soccer's tubby superstars. The sad decline of Diego Maradona accelerated into total collapse with revelations about cocaine abuse. He has said he will be back.

In England, Paul Gascoigne returned from a hernia operation to play for the tottering Tottenham Hotspur in the FA Cup semi-final. He carried the day with an irresistible and intoxicating mix of adrenalin and genius, epitomised by the way he hurled himself into the ball to rip a 35-yard free-kick into the Arsenal goal.

In the final, however, Gascoigne lunged at Gary Charles, exploding the ligaments of his own knee and presenting a goal to Nottingham Forest. But Spurs steadied themselves and won the match without Gazza. The succeeding months have brought the farcical tale of Gascoigne's second, mysterious, knee injury in a nightclub and his £5.5m transfer to Lazio of Rome.


Liz McColgan

The political, legal and financial shenanigans surrounding the FA's proposals for a separate Premier League are too depressing to describe. It was, said Ron Noades, the chairman of Crystal Palace: "Two organisations (the FA and League) fighting over a perfectly healthy body."

Political events in South Africa dominated the cricket year. South Africa's ageing team returned to international competition with a series of one-day games in India, replacing Pakistan which had withdrawn for political reasons. But the country's participation in the Olympics is in doubt. A mediator has been appointed to resolve disputes between multiple "governing" bodies.

England's cricket team reached another nadir last winter. They lost the Test series in Australia, showing humiliating lack of confidence and competence. Yet by August they had recaptured both and beat the West Indies at home in the final Test to draw an enthralling rubber 2-2.

England's rugby union team held their nerve to win the Five Nations grand slam in a campaign marred by a row over money and failure to give interviews after the game against Wales. Will Carling's team were accused of being boring then, and the charge was repeated as the giants of their pack ground through the World Cup while the backs stood and watched. In truth, England were no worse than most of the other teams. The entertaining exceptions were Japan, who had little choice, and Australia, who had David Campese. England could not match Australia in the final.

The complaints about the rugby were matched by complaints from the English players about their lack of compensation for the demands the amateur code makes on them. Campese was one step ahead of them there, too. "I'm still an amateur, of course, but I became rugby's first millionaire five years ago," he said.

In tennis and golf, pay-days grew larger and more frequent for the super-rich players, who barely have time to sign another sponsorship contract before moving on to the next tricked-up "world championship." The excitement in each sport came from old, relatively un-remunerative team events.

The Ryder Cup was not decided until the last pair reached the last green. Bernhard Langer missed an awkward putt and the US recaptured the trophy. In the Davis Cup final, Henri Leconte – a worthy heir to Borotra, Lacoste, Cochet and Brugnon – beat Pete Sampras of the US and set France on course to win the cup for the first time since the days of the Four Musketeers 60 years ago.

Team events bring out the flag-wavers. Paul Azinger, a US Ryder Cup player, struck the 1991 note: "Pride in the United States is back. We went over and thumped the Iraqis and now we've won the Ryder Cup. I'm proud to be American."

In the US, the most talked-about area of sport has been sex. The topic surfaced when Wilt "The Stilt" Chamberlain, the dominant basketball player in the 1960s, published an autobiography boasting that he had slept with 20,000 women. Then Earvin "Magic" Johnson, the dominant player of the 1980s, announced that he was retiring because he had contracted the HIV virus in one of many brief encounters.

It is bad enough when reality invades sport. But I hope that boxing never spills over into the real world. In the flagship heavyweight division, the size of the purses and the gall of the hype were more remarkable than the quality of the bouts. Evander Holyfield struggled to beat, first, the 42-year-old Rev George Foreman for the title, and then journeyman Bert Cooper, a late replacement for Mike Tyson, who was injured.

'No fan could escape drugs, war, death and greed'

Tyson's next opponent will be J. Gregory Garrison in Indianapolis on January 27. Garrison is a prosecutor for the state of Indiana and Tyson is charged with rape. Tyson did manage to fight in '91: he plodded to two victories over Donovan "Razor" Ruddock. But neither was as embarrassing as Frank Bruno's one-round comeback win over Holland's hapless John Emmen in London.

The fight between Chris Eubank and Michael Watson showed what boxing is all about. After 11 rounds of courage and carnage, there came a moment which encapsulated all that is stirring in the game. Eubank, battered and drained, dragged himself from the brink of defeat to deliver the punch that won the fight. But his moment of glory carried a ghastly price. Watson, tottering eerily, fought on but then collapsed into a coma. He is still in hospital. It was not an isolated incident. Last month, in Hampshire, an amateur, Kia Kwok Lee, suffered brain damage. No sport is worth that.

Athletics and swimming were clouded by the hardly unexpected revelations of the extent to which the German Democratic Republic gave its athletes drugs. Hans-Juergen Noczenski, former chief of its judo association, was quoted as saying: "Every athlete that competes internationally for East Germany is doped, every one." The fuss was greatest in the US, whose athletes finished second to the East Germans most often. Sir Arthur Gold, chairman of the British Olympic Association, described the emphasis put on Eastern bloc abuse by the US as "the best PR smokescreen ever. The US is by far the worst offender."

Nevertheless, the athletics world championships in Tokyo passed without a whiff of scandal. Liz McColgan destroyed the field in the women's 10,000m and Kris Akabusi overtook the 400m winner, Antonio Pettigrew, on the last bend of the 4x400m relay to provide two British triumphs. McColgan's front-running was matched by Yobes Ondieki of Kenya in the 5,000m – one of six track golds won by African men.

Carl Lewis won the nail-biting 100m in a world record but the race lacked the exhilaration of Ben Johnson's steroid-pumped surge in Seoul – one of the few television spectacles that has given me a rush of adrenalin just sitting in my armchair. Lewis also claimed a gold and a world record in the 4x100m but finished a sore loser after the year's greatest sporting moment. After 23 years, Bob Beamon's mythic long-jump record fell as it had been set: by a largely unknown and unfancied athlete.

As Mike Powell soared from the take-off board into the longest leap ever, he seemed totally unencumbered by the problems that have weighed down sport. He flew and we flew – and, for a few seconds, sport was what it should be.

Golf books

Up to scratch

AT tournaments as far apart as Tryall in Jamaica and Troon in Scotland, a tall man with curly hair and a quizzical look on his face is to be seen wearing the badge of a journalist. He wears glasses, which add to his scholarly air, and he always carries a notebook which he stuffs into a back pocket of his trousers when he is not scribbling feverishly in it. His name is Lorne Rubenstein.

Rubenstein is a peripatetic golf writer who contributes a golf column to the *Globe and Mail* in Toronto. Whereas most golf writers can hardly hit their hat at five paces, Rubenstein was once good enough to win the eastern Ontario Amateur in 1972.

In 1987 he went round Olympic in 75 the day after the conclusion of the US Open, playing from the same tees and to the same flags as the pros had the day before.

Wherever I saw Rubenstein I noticed he would be deep in conversation with, say, Curtis Strange or Tom Watson. Jack Nicklaus would acknowledge Lorne with a cheerful "Hi, Lorne," a greeting he did not bestow on many golf writers. With time to kill at Augusta, Ben Crenshaw might wander over to have a chat.

Having read *Links* (Stanley Paul, £12.99) I now begin to see why the pros singled out Rubenstein from the rest of us. He is bright, for one thing, with an MA in psychology to his credit, and they liked being asked unusual and intelligent questions. Furthermore, golf is in his blood. He is at his best when writing about his love of golf and his experiences of playing it around the world.

Publishers like to recruit a famous name to endorse a book and Rubenstein has landed the best: "A compelling look at the game from a writer who knows and appreciates it," says Nicklaus.

Anyone who carries a Press card can dust off a few good pieces, write a suitably self-deprecating introduction and ship them to a publisher to be reprinted in an anthology six months later. This is easy journalism or authorship, and it is what Peter Dobereiner has done in *Golf a la Carte* (Hutchinson, £14.99).

It would have been more heroic to put a little more work into the project. How about writing an introduction for each section, say, or a guide to each piece? Wonderful as these pieces are, I have read them all before in *Golf World*, *Golf Digest* and *The Observer*.

For the past couple of years the complement of golf writers covering the professional tour has been enlivened by the presence of Lauren St John. St John was at work on a book about the golf tour and *Shooting at Clouds* (Mainstream Publishing, £12.99) is it.

This is one of the most refreshing books about golf for some time. The chapters about Greg Norman and Nick Faldo are particularly good – each bringing a feeling of freshness to men about whom little is not known. But I wish a more knowledgeable publisher's reader had worked on the manuscript.

Last summer I briefly investigated the world of golf memorabilia. The man who casts the longest shadow across this aspect of the royal and ancient game is Mort Olman of Cincinatti, whose book *Collectibles of Golf* is quite rightly considered the bible of the business.

Then, out of the blue, arrived *The Murdoch Golf Library* by Joseph S F Murdoch (Grant Books, Droitwich, £25), which lists every one of his books – well over 3,000. All I can say about this handsomely produced book is that it is wonderful: Murdoch is clearly mad about golf.

Derek Lawrenson, who writes about golf in the *Birmingham Post*, is the best young golf writer on the circuit. His first book, *The Ultimate Book of Golf* (Treasure Press, £12.99) wins the prize as the year's biggest golf book. It is bigger, even, than Malcolm Campbell's *The Encyclopedia of Golf* (Dorling Kindersley, £25), a lavishly illustrated and engaging look at all aspects of the game.

Mike Britten's *Golf: The Last 25 Years* (W.H.Smith, £10.99) should have been more grammatically titled the past 25 years but we will forgive him that because of the quality of the text. It is hard-working, authoritative and remarkably good value.

John Hopkins

Motoring

Good cars in a bad market

***Stuart Marshall** looks back on a grim year for the industry*

THE YEAR drawing to an end is one the car industry and trade may prefer to forget. Sales generally have been down in all European countries – in Britain by more than 20 per cent compared with 1990 which itself was substantially down on 1989.

Germany was the one exception. Unification opened up a vast new market in what had been East Germany. Sales zoomed as the citizens joyously threw aside their rubbishy old Trabants and Wartburgs and rushed to buy VWs and Opels instead. But even the German boom was tailing off by the year's end.

No European car maker has much confidence that things will be better in 1992. That goes for Japan and the US, too. Some of the steam has gone out of the great Japanese car sales bonanza. In the US, car makers have been stricken by declining demand for their products from customers who prefer to buy Japanese cars, whether imported or produced in US "transplants".

For the British motorist, the good news is that the buyer's market will continue. The bad news is that money will probably remain tight. This is mainly because many potential customers are either paying off debts unwisely incurred in the fat years or are fearful of incurring new ones just yet.

Paradoxically, in its worst year financially for some time the industry launched a record number of new cars. As proof, there were 17 entrants for Europe's Car of the Year 1992 Award contest against 14 in the two previous years. (VW's new Golf won, followed by the Opel/Vauxhall Astra and Citroën ZX).

Apart from a tiny handful of outdated east European products, there is now no such thing as a bad car on sale in Britain. Some, to be sure, are better cars (and better buys) than others. And do not be misled by the sneering superficiality of TV programmes such as the BBC's *Watchdog*. The cars we buy are safer than ever before.

Last week, at the press launch of the Fiat Cinquecento, a French journalist drove one from a parking place and was immediately involved in a severe, almost head-on impact with a Saab 900. The Saab suffered heavy damage; the tiny Cinquecento's front end was entirely crushed, with the engine and transmission pushed back at least 1 ft (30 cms).

A hospital case? Not at all. The French journalist, mercifully belted, stepped shaken from the tiny Fiat. Both doors still opened easily; the windscreen was not cracked. Crash survivability of that order is the direct result of huge spending by motor manufacturers.

If only motorists could be made to be as safe as modern cars, road casualty figures would go into free fall. While tens of millions of pounds are spent every year on improving the vehicles themselves, very little is invested in driver training. Yet it has almost unlimited potential for reducing the cost and suffering caused by road accidents.

Which cars have impressed me most in 1991? The Golf which won Car of the Year eluded me. Those who have driven it speak well of its build quality and performance. Volkswagen rightly stresses its safety and environmental acceptability.

Like the new Golf, the new Vauxhall/Opel Astra has been evolved into a much better product than the last one. It is a very good car – but had I been a Car of the Year juryman, my vote would have gone to the ZX which took Citroën into a new market segment and will, mark my words, sell like the proverbial hot cakes in 1992.

The 850GLT (fourth in Car of the Year) is the first entirely new and original Volvo for a generation. It will, unfortunately, also be the last. Unfortunately because, in spite of its dated styling, it is the best and most sophisticated design Volvo has ever produced.

Future Volvos will be heavily influenced by larger partners; the Swedish ones by Mitsubishi, the Dutch-built ones by Renault. Small volume car makers have to get into bed with the giants. They cannot exist on their own any more.

If one looks at a car purely as a machine, then the best of the hundred-odd I have driven in the past year was undoubtedly the new S-Class Mercedes. It is a benchmark against which all other luxury executive class saloons must be judged. No other volume produced car is smoother, quieter, safer.

But it is large and large engined from 3.2 to 6-litres. Some may think it born out of its time. Enough of the Car of the Year jury did to put it in a derisory 11th place, behind the perky but unremarkable Mazda 121.

Other highlights of my motoring year included the Toyota Camry 3-litre V6, which looks and goes rather like its bigger brother, the peerless 4-litre V8 Lexus. The new Mitsubishi Sho gun was, I thought, a prince among four-wheel drives. Vauxhall has been able to price its British-built Frontera predatorily because it was developed from a Japanese Isuzu 4x4 pick-up truck, not created expensively from scratch.

One-box estate cars – otherwise known as multi-purpose vehicles - will be one of the great growth segments of the 1990s. The newest Renault Espace (especially the V6 engine model) is a stunner if you have up to £24,000 to invest. The latest Mitsubishi 5/7 seat Space Wagon or 5-seat Space Runner are cheap enough to appeal to a much wider audience and are great family transport, too.

Value for money is something most of us will be looking for as we wait for real economic recovery.

Four quite different cars that struck me as among the better buys were the little Kia Pride hatchback runabout and the very well equipped family-cum-executive Hyundai Lantra (also from Korea); the two-pedal and power steered as standard Daihatsu Charade supermini; and the Seat Toledo from Volkswagen's Spanish subsidiary.

For my own choice of car I stay faithful to the diesel engine. Having "gone diesel" long before it was fashionable in the late 1970s, I see no reason to change.

The Mercedes-Benz 190D 2.5 I shall drive into 1992 has been giving me 38 mpg (7.43 l/100 km) and runs so self-effacingly most people who ride in it need persuading that it is not petrol engined.

It is not so economical as the Citroën XMtd manual that preceded it which did around 45 mpg (6.27 l/100km), but it has automatic transmission and air conditioning for which a price has to be paid. The sheer quality of the 190D 2.5 gives me constant pleasure.

And my New Year forecasts? Norman Lamont, the chancellor, will grasp the opportunity he missed last year and do something fiscal to encourage the wider use of fuel-saving, environmentally-friendly diesels.

Multiple accidents on motorways will continue to cause avoidable death and destruction. There will be hand wringing and ritual cries of "motorway madness" but the problem will not be addressed. The real answer is rigorous enforcement of reduced speed limits in poor visibility and prosecution of everyone who can be proved to have been driving beyond their braking distance.

RECORDS OF THE YEAR

The pick of the discs during 1991

From the torrent of opera, classical and rock music, both old and new, released this year our critics nominate their favourites

Chock-full of good things

THE YEAR 1991 was chock-full of good things on record, new and reissued – and by no means all of them were Mozart. Operas off the beaten track brought particular rewards; of these surely the most substantial was Enesco's *Oedipe*, a birth-to-death Oedipus opera revealed by the conductor Lawrence Foster in all its exotic originality and splendour. French EMI spared no expense on the large cast: Fassbaender, Lipovsek, Gedda, Bacquier (among many others) in small parts, José van Dam in the mighty title role (EMI CDS 7 54011 2).

In publishing the first opera, *Golem* (1989), by John Casken, Virgin Classics took a risk. Virtue deserves recompense; this gripping, wholly individual, musically memorable modern opera deserves the widest possible circulation (VCD 7 91204-2). Two versions of Weill's "Broadway opera" *Street Scene* have come out – a case of maddening (but also enjoyable) duplication. I shall review both more fully in the new year, but cannot resist recommending the Decca (433 371-2) now – conducted by John Mauceri, with Jerry Hadley, Angelina Réaux and Josephine Barstow, an inspired, entirely *sui generis* dramatic blending of popular and serious.

The Poulenc-Cocteau telephone-monodrama *La Voix humaine* can be similarly described – light (even trivial) on the surface, with a strong, serious core. The new recording, with the marvellous Julia Migenes as the pleading lover, is delicate, idiomatic, potently affecting (Erato Musifrance 2292-45651-2). EMI offered us two "live" Callas re-discoveries, the 1955 Milan *Traviata* conducted by Giulini (CMS 7 63628 2) and Berlin *Lucia* conducted by Karajan (CMS 7 63631 2). Both blaze with the unique fire of the soprano's dramatic and musical genius.

But, of course, there *was* bicentenary Mozart – piles of it, complete editions, reissues, new versions of the operas. Once again, as so often in the past, it is John Eliot Gardiner's records which have made the biggest impact. His *Idomeneo* (DG Archiv 431 674-2) and *Clemenza di Tito* (DG Archiv 431 806-2) share such front-rank Mozart singers as Anthony Rolfe Johnson, Anne Sofie von Otter and Sylvia McNair. Gardiner's fast, lean, bitingly intense conduct of these works is not the only way; at the moment it seems to me the most exciting and involving way.

Concurrently, however, I would offer a loving salute to the reissue of Colin Davis's grandly conducted, grandly sung *Tito*, now Volume 44 of the Philips Complete Mozart Edition. Also well worth noting among the 1991 Mozart operas is the *Lucio Silla* conducted by Nikolaus Harnoncourt – a youthful work well worth getting to know, in a performance too much cut, sometimes hard-driven, and excellently sung by (among others) the lustrous, lambent Cecilia Bartoli (Teldec 2292-44928-2).

The youthful Bartoli mezzo, unarguably the finest to have come out of Italy for long decades, can also be relished on two Decca recitals – the first (430 518-2) a treasure-trove of Rossini songs, rare and familiar, all exquisitely delivered, the second (430 513-2) a Mozart-arias set new-minted alike by voice and stylistic command. Della Jones, another Rossini mezzo of rare excellence, has made her first Rossini-arias record, long overdue. The voice is less lustrous than Bartoli's, the artistry even more sharply honed (Chandos CHAN 8866).

It was a pleasure to hear two very different basses tackling Aaron Copland's Old American Song arrangements: Samuel Ramey trenchant, tough-tenderly humorous on Argo (433 027-2), Willard White ripely expansive on Chandos (CHAN 8960, with a *bonne-bouche* in the form of three delicious West Indian folk-songs). The personalities and voices of both are in full flourish; choosing between them is impossible. From the first decade of Victoria de los Angeles's career, a garland of precious Spanish-song recordings (including the miraculous 1950 Granados "Maja y el ruiseñor") has been transferred to CD; the warmth, radiance and tenderness of each item stream out of the speakers (EMI References CDH 7 64028 2).

In the orchestral and concerto field I have spent many rewarding hours exploring the Sony reissues-in-bulk of Copland-conducting-Copland, Leonard Bernstein, the young Isaac Stern and Robert Casadesus, an undervalued French pianist who expounded the Mozart concertos (Sony SM3K 46 519 and MPK 46736) with a concision wit, elegance and directness of style that will never go out of date, whatever the Authentic Movement may come up with next. From the music of our own day I must single out Hakan Hardenberger's exhilarating set (Philips 432 075-2) of trumpet concertos, above all Birtwistle's fiercely dazzling *Endless Parade*. The Simon Rattle/CBSO account of Nicholas Maw's 100-minute orchestral *Odyssey* (EMI CDS 7 54277 2) is a great performance – white-hot in passion and vividness of expressive understanding – of a magnificent work, a whole new world waiting to be unfolded for the adventurous listener.

Max Loppert

John Eliot Gardiner: his 'Idomeneo' should be on everyone's shelf

Mozart and the unexpected

THERE IS not much time for looking back over the year. Even now the postman is beating a path to the front door to deliver another hefty consignment of jiffy bags packed with new CDs.

Who said there was a recession? This year has seen the number of classical recordings hit ever higher peaks. Buoyed up by the financial success of the compact disc and the industry's determination to market its classical stars more aggressively, the record companies have turned the flow of new discs into a torrent.

The output of Mozart discs to mark the bicentenary year would be enough to fill a wall of shelves by itself. One way or another I sampled most of the large series during the year and each had good things in it, as one might expect, given the library of great Mozart performances on which the large companies are able to draw these days.

The new recordings were more of a mixed bag. The work which I kept coming back to, for its inventiveness and consummate beauty, was the Sinfonia Concertante for violin and viola, K.364. The Orpheus Chamber Orchestra (DG 429 784-2) offered an unfussy performance of it, and Anne-Sophie Mutter with Bruno Giuranna and the Academy of St Martin-in-the-Fields (EMI CDC 7 54302-2), one with star appeal. These cannot be classed as important Mozart recordings, however. For that I would turn to the exciting new set of *Idomeneo* conducted by John Eliot Gardiner, nearer to completeness in text and spirit than anything that has gone before (Archiv 431 674-2).

One of the most unexpected discoveries of the year came with the cycle of symphonies by Sir Charles Hubert H. Parry from Chandos. I did not know any of Parry's symphonies before and soon capitulated to the Third (CHAN 8896) with its Dvořák-like songfulness and sly echoes of Wagner. To be truthful, its delights have started to pall after half a dozen playings, but the first time round was sheer enchantment.

I expect that the two series I am following from Hyperion will offer lasting pleasure. The cycle of the Purcell Odes is near its mid-point and each new CD brings more ignored, previously unrecorded music. Volume 5 (CDA 66476) is the one to have of this year's releases, a trio of marvellous scores full of the joy that marked the Restoration in musical circles and very well sung, too.

From the long-running series devoted to all Schubert's songs – still some years to go here yet – I pick Volume 11 by Brigitte Fassbaender (CDJ 33011). This will not be Schubert singing to suit all tastes. At times, when the lyrical beauty of the music is what I want to hear, I sometimes ask myself if it is to mine. But Fassbaender is so full of invigorating energy that it is impossible to stop being swept along while the disc is playing.

Similarly, Gershwin's razzamatazz gets the adrenalin rushing in the new recording of his musical *Strike up the Band* (Nonesuch 7559-79273-2). Attitudes to this brand of music have changed in the last few years and "serious" record critics can listen to Gershwin and Cole Porter, even Sondheim, without feeling guilty any more. Social commentators will be interested in this show as a rare example of American satire on war from the 1920s. The rest of us can just let the music set our toes tapping.

As to the record of the year – no question. It is half a century since Gérard Souzay committed his earliest French songs to disc and nobody in the intervening 50 years has come along to surpass him. This selection from his earlier 78s contains his best Fauré together with some Chausson and folk songs (Decca 425 975-2). It is all pure magic: *hors concours*!

Richard Fairman

The new to match the old

PERHAPS IT is because new CDs continue to pour forth in such disorienting torrents that one cherishes most the re-appearance of treasured recordings from the less pressured, more discriminating era of vinyl. It would be easy to fill these rounds-up with just such reissues: much harder to find new recordings, especially in the mainstream symphonic repertory, that match the best of what is already available. When such records do emerge everything is swept before them.

So the thrilling virtues of John Eliot Gardiner's live period-instrument recording of *Idomeneo* have secured it a place on almost everyone's Christmas list; his *Clemenza di Tito* (Archiv 431 806-2, two CDs), also recorded in the same set of in concert performances on the South Bank in 1990 is almost as exceptional, with a flawless cast led by Anthony Rolfe Johnson, Julia Varady and Anne Sofie von Otter, and characterised again by Gardiner's absolutely uncluttered and dramatically consistent conducting.

Though it has made far fewer waves, the beautifully sung and paced account of Luigi Rossi's *Orfeo* from Les Arts Florissants conducted by William Christie (Harmonia Mundi HMC 901358.60, three CDs) is an even more considerable act of recreation, restoring a Parisian operatic masterpiece contemporary with late Monteverdi. Meanwhile the Consort of Musicke's survey of Monteverdi's madrigals has devoted two separate issues to the 1638 *Madrigali amorosi e guerreri* of Book 8 (Virgin Classics 7 91156-2 & 7 91157-2), in resolutely unprecious if sometimes too neutral performances.

Another Virgin series has opened with the Borodin Quartet's latest journey through the quartets of Shostakovich. The first release (VC-7 91437-2) contained Nos 3, 7 and 8 in recordings that capture the astonishing intensity and colour in the Borodin's playing more vividly than ever before. Esa-Pekka Salonen's increasingly impressive Stravinsky survey with the London Sinfonietta has encompassed the complete *Pulcinella*, but that release is of vastly more interest for the fill-ups, including *Ragtime* and an excellent, sharply focussed account of the unclassifiable and extraordinary *Renard* (CBS SK 45 965).

In contemporary music the most enterprising innovation has come from Collins Classics, with five releases of CD-singles each up to 30 minutes long and containing a substantial orchestral piece. Among the first batch Benedict Mason's *Lighthouses of England and Wales* (20042) is a beguiling mixture of impressionist textures and post-modern discontinuity, while Birtwistle's majestic *Earth Dances* (20012) seems more and more certainly the finest orchestral work of the 1980s. Another Birtwistle piece from the last decade is included on a collection of contemporary trumpet works from Hakan Hardenberger (Philips 432 075-2); *Endless Parade* is such an elegant, fascinating solution to the problems of writing a work for trumpet and orchestra, that the blandness of the rest – concertos by Maxwell Davies and Blake Watkins – hardly matters.

Opening the floodgates to the reissues, the belated CD transfer of the Philips *Peter Grimes* (432 578-2, two CDs), conducted by Colin Davis, with Jon Vickers as the peerless protagonist, and the equally valuable appearance of Dukas's *Ariane et Barbe-bleue*, conducted by Armin Jordan (Erato 2292 45663-2, two CDs), have brought unqualified pleasure. And though to some extent overtaken by events, the two acts of Berg's *Lulu* included in Christoph Dohnányi's lucid 1978 account (Decca 430 415-2) demand a place for Anja Silja's hugely sympathetic Lulu, and Brigitte Fassbaender's unsurpassed Geschwitz.

Already planned when the pianist died in June, Philips's Claudio Arrau Edition is well advanced. The seven-disc collection of Schumann (432 308-2) offers characteristically pondered, rich-toned versions of all the masterpieces as well as neglected cycles such as the Op.21 *Novelletten*, while the Liszt volume (432 305-2, five CDs) is equally varied and comes packed with formidable intellectual concentration. Less lauded but charged with fierce, threatening grandeur, Roberto Szidon's set of the Skryabin piano sonatas joins Deutsche Grammophon's 20th-Century Classics series (431 747-2, three CDs). The only new piano disc of late to measure up to these exacting standards is Krystian Zimerman's version of the Schubert Impromptus D.899 and 935 (DG 423 612-2): playing of extraordinary subtlety, intelligence and charm.

Andrew Clements

Operas jump out of hiding

NO REVIEW of the year's records could overlook the DG Archiv single CD (429 779-2) of Beethoven's *Missa solemnis* made by the Monteverdi Choir and the English Baroque Soloists under John Eliot Gardiner, further increasing the debt of gratitude we owe them. They use authentic instruments but there is nothing extreme about Gardiner's approach, except the degree of musical intelligence illuminating this mighty, and frequently unapproachable, masterpiece.

The forces involved are not sensationally small – 36 choral singers, 60 instrumentalists plus organ. Woodwind are strong, strings diaphanous or penetrating as required. The solo violin in Benedictus, Elizabeth Wilcock, is serene and limpid. The brass is versatile and assertive, on occasion outlining rhythms with staccato interjections normally barely audible. The war music in the Agnus Dei is extremely dramatic vividly evoking the climate of the post-Napoleonic period.

The vigour and zip of the choir leave one wondering if these cruel high repeated notes have ever been so fearlessly and accurately sung. The soloists – Charlotte Margiano, Catherine Robbin, William Kendall and Alastair Miles, are exceptional. Totally absent is the deadening shroud of dutiful reverence or the corporate nervousness which can afflict performances on the grandest level. The tension is high indeed but it comes from the music, not from performers' uncertainty.

Three operas from different periods have jumped out of hiding, each in its way a revelation. Enesco's *Oedipe* comes like a thunderclap. First given in Paris in 1936, it has since been virtually a perquisite of the Bucharest Opera in the composer's native Romania (where his name is spelt Enescu). Now French EMI have produced a smashing recording, made in Monte Carlo by a brilliant team under the fiery direction of Lawrence Foster. José van Dam, superb in the arduous title-role, is supported by Barbara Hendricks, Marjana Lipovšek, Brigitte Fassbaender, Gedda, Bacquier and many more. The music is alternately violently dramatic and hauntingly pastoral.

Casting difficulties, here triumphantly overcome, have no doubt been one reason why *Oedipe* has lain so long in the shadows. That may equally explain why Rossini's *Armida* has not so far caught much of the sun now shining again on his serious operas. Written in Naples for his favourite Isabella Colbran, it needs a dramatic coloratura who is a powerful actress and at least four virtuoso tenors – a *terzetto* for three of them is one of Rossini's most captivating inventions.

The tenors – they include Chris Merritt and William Mateuzzi – in the new recording from Europa/Koch (350-211, 2 CDs) are gratifyingly successful. The Armida, Cecilia Gasdia, one of the most accomplished of today's Italian sopranos, is fresh, cool, confident, self-possessed. But in the tremendous final scene when the sorceress, realising she has lost the Christian knight Rinaldo, goes over the top, these qualities aren't enough. This is Callas country. The opera – chivalrous encounters laced with oriental magic – is a delight for vocal and orchestral riches and for a wealth of melody.

Pergolesi's *Lo frate 'nnamorato* (the lovesick brother) is Neapolitan in setting as well as origin – it dates from 1735. The imbroglio concerns two families. One Neapolitan, the other Roman. The Neapolitans use their local dialect, lending unusual pungency and variety to the recitatives – listen to the squabble between the two servant-girls. The main joy of this live recording from La Scala, Milan under Muti (EMI CDS 7 54240 2, 3 CDs), is the succession of merry and melancholy tunes (some of them pinched by Stravinsky for his ballet *Pulcinella*) so full of character you can smell the garlic, the oil, and the splashed wine in the streets of the unique, deplorable, irresistible city. Of the strong cast, male and female, I must squeeze in Ezio Di Cesare and Alessandro Corbelli in two buffo roles. Perfect for listeners who wish they weren't in Britain at Christmas-time.

For those weary of carols, here is a cure. Decca have transferred onto one CD (430 263-2) a splendid collection of Canticles and Anthems by Purcell, recorded during the 1970s by the choir of St. John's College Cambridge, with eminent soloists and the English Chamber Orchestra, under George Guest. Both music and performances are in the best sense uplifting.

Ronald Crichton

The girl with orange lips...

UNLIKE MY colleagues, I've had too little time this year to hear many records beyond those I wrote about on these pages. Among them, the Charles Dutoit performance of Debussy's *Pelléas et Mélisande* was the stand-out revelation (Decca 430 502-2, two CDs) – swift, non-indulgent and gorgeously coloured, with a cast of piercing dramatic conviction. It could hardly sound further from the Bernard Levin caricature (limp, twee, *boring*); on the contrary this *Pelléas* is spare and gripping, almost painfully concise, and it is the only modern version that bears serious comparison with the indelible old Desormière version (monaural, newly available on three EMI CDs).

Another revelatory opera-recording came from Opera Rara, Franz Schreker's 1918 *Die Gezeichneten* (Marco Polo 8.22328-330, three CDs). It is a hyper-decadent piece, almost too frantically over-the-top to bear a straight-faced performance; but with Edo de Waart's assured conducting and a fine, passionate cast, its twisted appeal is uncomfortably potent. By comparison, Strauss's *Salome* sounds nearly decorous and only his *Elektra* is comparably unsettling. The Schreker *Gezeichneten* revels in more subcutaneous detail than either of them, and it probably set a new standard of ravished, bleeding exposure for the next couple of decades of Austro-German opera. Its surface is alarmingly seductive.

In a sterner vein – most of the time, anyway – the Sony collection of Stravinsky-performed-by-himself (SX22K 46 290, 22 CDs in a serviceable box) is unique – at least until we have another great composer who can preside over his own recordings. Nearly all Stravinsky's *oeuvre* is there, mostly in performances of the utmost faithfulness, and it will sustain years' worth of listening. For such an historic project, it is a pity that Sony has cobbled together little more than some old sleeve-notes: but the recordings far outweigh their over-priced format and the cut-price trappings.

I pass over some other excellent records (young Graham Scott's rewarding, intelligent performances of a rich haul from Skryabin's piano music on Gamut CD 520; the Labèque sisters' irresistible delivery of Poulenc's 2-piano concerto on Philips 426 284-2; Dennis Lee's suave Szymanowski piano on Hyperion CDA66409) in favour of frankly specialised stuff. On Schwann 311064 there is a rousing account of Szymanowski's ballet-with-voices *Harnasie* under Robert Satanowski, worthy to set beside Dorati's sensational performance of that composer's Third Symphony (Decca 425625-2).

The young American soprano Dawn Upshaw has made a second CD, even more seductive than her first. On Elektra Nonesuch 7559-792-62-2, billed not very happily as "The Girl with Orange Lips", she delivers Maurice Delage's "4 Hindu Poems" with vividly picturesque accompaniment by her New York players; Falla's crystalline *Psyché*; some Earl Kim and the usual chamber-Stravinsky; and Ravel's three Mallarmé songs. In the latter she is a model of sensitive discretion *and* unerring pitch (beyond almost anybody's on record). I regret only that there was not a conductor to draw her admirable colleagues together into incisive expression, and that the relaxed result – lovely though it is – registers little difference between vintage Ravel, mock-exotic Delage and winsome Kim.

Still, it is a delectable recital. For anyone who has discovered Michael Torke, so is the second collection of his pieces ("Color Music") on Argo 433 071-2, from David Zinman and the Baltimore Symphony. Three of them constitute his ballet *Ecstatic Orange* for Peter Martins, mimicking Copland/Bernstein manners – and Ballet in general – while pursuing Torke's own post-minimalist thing; the basic material of his mini-concerto *Rust*, on the CD that hooked me irretrievably last year (Argo 430 209-2), gets recycled in American big-band style.

The other two pieces, *Ash* and *Bright Blue Music*, played with the simplest stock gestures of 19th-century ballet and opera to bright-eyed deadpan purposes that veer a long way off the original routines. Try the older CD first: if it strikes you, too, and fresh, bracing stuff, then the new CD will open up some further directions. I expect a lot more from Torke as he goes on his individual way, cheerfully opportunist but truculently single-minded.

David Murray

Pop and rock that lived up to the hype

SOME OF the year's most eagerly awaited new albums – from Simple Minds, Dire Straits and Simply Red – have failed to fulfil expectations, and even the likes of Sting and Elvis Costello seem to have been content to mark time rather than move forward. It was left to U2 and REM to confirm their stature in the most definitive possible way.

U2's *Achtung Baby* (Island) lived up to all the pre-release hype, resuming the steady advance shortcircuited in the rough-and-ready *Rattle and Hum* from 1988. The aspirations and spiritual quests of *Unforgettable Fire* and *The Joshua Tree* have gone, replaced by a highly wrought, often anguished streak of self-awareness. The textures are darker and denser, the rhythms more aggressively purposeful; there is none of the instantly memorable crowd-pulling anthems of the past. It is easily the most complex, and troubling of their albums to date. With *Out of Time* (Warner), REM also strike out into new territory, and manage to beam at least some light through the legendary opacity of their lyrics. With references back to a surprising range of 1960s and '70s pop models the mixture is a rich, diverting one, and naggingly compelling.

A harder, more objective heart would have jumped Robbie Robertson's second solo album *Storyville* (Geffen) with the outright failures. It may be a de-energised ragbag of pick-me-up styles and portentous lyrics, and Robertson's voice is really too soft-grained to be effective, but there are still faint echoes of the qualities that made Robertson's work with The Band 20 years ago one of the most enduring achievements in the history of popular music. Energy is not in question on Julian Cope's *Peggy Suicide* (Island), the best exploration yet of a significant talent still searching for its niche. Cope pares down his sound to the basics of garage rock to makes bug-eyed forays into eco-politics and the evils of Thatcherism, but he does so in an oblique, freely associating way that is genuinely diverting and often tricksily catchy.

Tom Petty and the Heartbreakers' *Into the Great Wide Open* (MCA) is the most substantial achievement yet from one of the most consistent musicians of the last decade. Though the sources of Petty's music are plain for all to hear (Dylan, The Byrds, Springsteen) he has forged them into a consistent style and works it carefully through a series of fine-grained songs. And Richard Thompson's *Rumour and Sigh* (Capitol) ranges across his complete command of style, from acoustic folk to uncompromised rock; all human life is contained among the snapshot portraits, and the successes far outweigh the misjudgements.

Among the rash of "Best of" compilations *The Best of REM* (IRS) provides a useful primer for those who only discovered the band with the success of the last two albums, and *The Christy Moore Collection 81-91* (East West 9031-75351-2) is a welcome retrospective of a maverick figure. Best of all for closet head-bangers is Meatloaf's *Bat out of Hell* (Epic); even if you never play past the first number, which presents the title track in its full nine-minute, high-camp glory, it will be worth every penny.

Finally a brace of releases that in their own ways are beyond compare. The three-disc set of *The Bootleg Series Volumes 1-3* (CBS) was the finest possible tribute to Bob Dylan in the year of his 50th birthday, making available alternative and sometimes very different versions of familiar songs, as well as resurrecting long-lost numbers that never made it on to any of the commercial albums. It includes at least one great song – "Blind Willie McTell" – and another dozen that would be the pick of any lesser songwriter's output. Neil Young's *Weld* (Reprise, two CDs) presents the great man in the full pomp of a live performance, with the songs (many of his finest) very much secondary to the searing guitar playing surrounding them; it is not for the fainthearted. Young fanatics will want the special limited edition of the set, *Arc Weld*, which adds a further disc of feedback and guitar riffs culled from the live set. No one else could get away with it.

Andrew Clements

Julian Cope: significant talent still searching for its niche

BOOKS

From Plato to poetry, you are 'a darn clever bunch'

Anthony Curtis announces the results of the FT Literary competitions

BOTH THIS year's competitions proved to be extremely popular and the haiku inspired a record number of entries. The *FT's* fax machine has been stuttering them out, along with agony column ads from men and women of letters, like a pianola gone berserk. Not to mention the bulging mailbags that made the Lit.Ed's office even more difficult of access than usual.

In neither competition was it outstandingly difficult to reach the pass-mark, but the overall level was much higher than that. As Ezra Pound, who cropped up in both, said of another group, you are "a darn clever bunch". Congratulations all round.

Sorry, by the way, about the confusion over the deadline. It should have been Tuesday but because of the incorrect date given, it was extended to Thursday, December 19. If your masterpiece arrived by last post on the 19th, it will have been considered.

Box Numbers

THE task here was to construct one of those ultra-frank personal ads. that appear in the back-page columns of journals like *The New York Review of Books*; they were to be composed by an author of repute, either living or dead. Entries on behalf of the dear departed *out-numbered those of the* living, but not completely by any means.

Applicants ranged from Plato to A.N. Wilson ("Gentleman with views on everything wishes to meet patient listener" - Katie Mallett), from Ovid to David Hare ("Are you fed up with the deeply ingrained national habit of lying? *Me too*" - Bernard McGinley); indeed the literary great and good were shown to be Clare Rayner fodder all.

If the ad. was well done I thought you should be able to guess the name of the advertiser – as in "Banker manqué, living and partly living, *seeks cat-loving female* for mutual quotation-capping in current waste land of London" (D.A.Prince) and, for the same advertiser, "Correspondence with a house agent's clerk and a Bradford millionaire could be of mutual benefit. Confidentiality assured" (Dr T.B. Elder). Or "*German-speaking insurance clerk*, Jewish, interested in legal procedures seeks friendship with unattainable female..." (Aldo Rivers) among many Kafkas.

Dr Johnson, Swift, Coleridge, Blake, Keats, Elizabeth Barrett Browning, Mark Twain, *Oscar Wilde, De Sade* were *all* imagined to be sending out similar *cris de coeur*, as were Hemingway, Joyce, L. Durrell, Virginia Woolf, Catherine Cookson, George Orwell (lots), Fay Weldon, Margaret Drabble; nor were some pen-pushing royals and world-leaders such as Henry VIII, Elizabeth I, Victoria, Winston Churchill and Hitler neglected.

First prize of £100 to Noel Petty for the two bulls'-eyes printed below:

Penproud somesaymad sesquidelian Irish wordwaster, 43, specpebbled oftincupped ouldsod of the ouldsod, yearnsnaypines for lightfootlass to be foeffee (o fie) of his lornoflove tergiversifcations. Mothersurrogations only, nothing dirtydevil. Marys preferred. c/o Shakespeareco, Paris.
(James Joyce/Noel Petty)

? Box 123, London
(Harold Pinter/Noel Petty)

And now the runners-up who each receive £25:

Ortheress wants to meet a young man like Mr Salteena to get engaged to and married to when she is old enuff he must be very tall and hansom and have a big fortune so they can live happy ever after.
(Daisy Ashford/Ba Miller)

Lively forty-year-old male, weary of travel to Europe on the sovereign's business, seeks companion for charity ramble in Kent starting at a London inn, with Canterbury as ultimate destination. Ability to enliven walk with stories and reminiscences (fact or fiction) an advantage. Please send CV with brief examples of previously published creative output. This is an equal opportunities venture open to men and women from any social, vocational or professional background.
(Geoffrey Chaucer/Michael Banister)

Somerset based poet and dreamer requires Abyssinian maid, preferably with talent for playing the dulcimer. Duties will include discouraging unwanted visitors from Porlock and showing the door to time-wasting ex-mariners hawking dubious stories of tropical sea-going killer birds. Knowledge of drug supply an advantage.
(Coleridge/Guy Thomas)

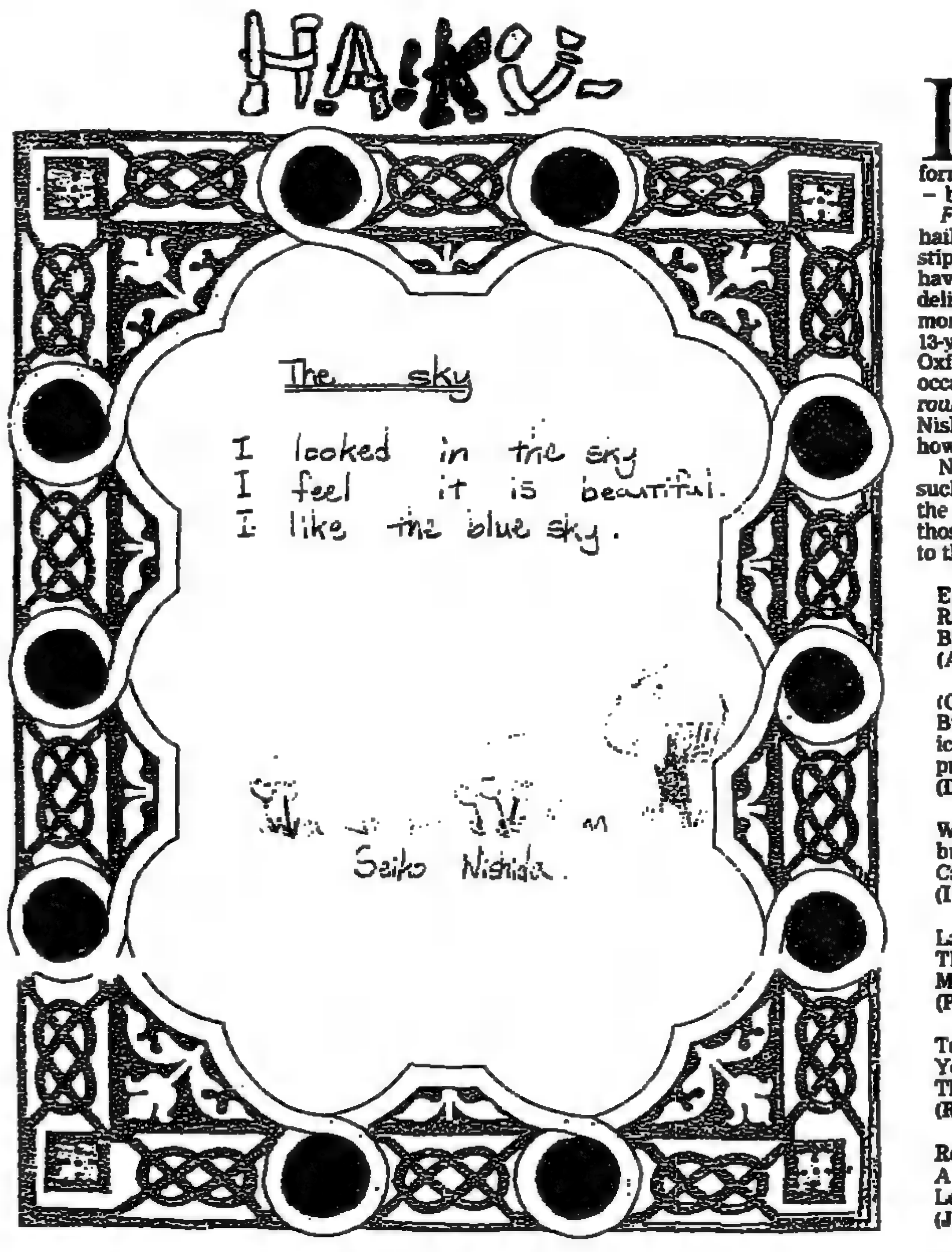
Lecturer in mathematics, interested in religion, photography and writing (currently researching novel ideas concerning drug-induced variations in height) wishes to meet very young girl who has retained her sense of wonderment. Ideally, she should have a reflective nature and share writer's anthropomorphic approach to wildlife. CLD/LC.
(Carroll/Olive Howard)

If youre a frock of some talent NOT a sleazbag, you might like to meet me some evening in my club in Paddington. Either of us: early 40s, voice gentle and low, gorgeous cheekbones, designer beer (small jugs OK).
(Martin Amis/Bernard McGinley)

I am blind, but appreciate beauty. I am lonely, but long for company. I am sad, but long for happiness. Is there a patient soul on earth who could restore my paradise lost? I only wait but long to serve.

(Milton/Katie Mallett)

Almost-divorced mother of two school-aged children, early forties, country-based with occasional trips to London, involved in equestrian activities and extensive charity work, seeks single man for companionship and possible marriage. Must enjoy non-glamorous lifestyle and holidays with my family in Scotland. No ex-army need apply.
(The Princess Royal/Anne-Marie Siudzinski)



Seiko Nishida's haiku: she spoke no English before September.

Haiku

IT WAS J D Salinger's Seymour who, we are told, "loved the classical Japanese, three-line seventeen syllable haiku as he loved no other form of poetry, and that he himself wrote – bled – haiku..."

FT readers have been similarly bleeding haiku for the past few weeks. The only stipulation was that the verses should have some topical relevance. We were delighted though to receive some of the more timeless variety from nine to 13-year-old pupils of Milham Ford School, Oxford, specially composed for the occasion. An honourable mention all *round, especially to Japanese-born Seiko* Nishida who shows us (see illustration) how it should traditionally be done.

No clear winner emerged here among such a wealth of talent so we will divide the prize money and split it among all those whose haiku are printed below to the tune of £25 each:

Euro Parliament
Ruling by common dissent
But see Brussels sprout!
(Alison Bailey)

(Croatia)
Burning shriven tree
ice rooted crazed wind riven
prays to winter sky.
(Diana M Stannus)

Waiting hostage, foot-
bunioned, heart-Bunyaned, released.
Can-can Cantuar!
(I D A Tunks)

Lawson bonanza
Thatcher in world of her own.
Major recession.
(Peter Clements)

To write a haiku
You don't need a high I Q
They don't rhyme or scan.
(Richard Hunnable)

Robert Maxwell drowned
A final sad flotation
Leaving all at sea.
(J F N Wedge)

England could have won
the Rugby World Cup final.
They made the mistakes.
(Stanley Pelter)

We'll miss you sterling
Soon our consummation comes
with a hard Ecu.
(Justin Barnard)

Europe asks each man
To sign up, play Delors game
That means you too John.
(Maurice Roughton)

A musician with literary ambitions

EIGHTEENTH century England saw a steady improvement in the status of artists. Painters, if they were good, ceased to be regarded solely as paid craftsmen. Dr Johnson successfully asserted the claims of literature and his friend Garrick made the theatre respectable. In music, the advance was led by another of Johnson's friends, Dr Charles Burney, "the great Dr Burney" as he was eventually called.

Burney worked hard for his success. He composed a good deal of music, now seldom played. He was a member of Handel's orchestra. For 55 years he took pupils from among the rich and fashionable, at times as many as 50 in a 12-hour day. But his most lasting achievement was his books, especially *The Present State of Music in France and Italy*, 1771; *The Present State of Music in Germany, the Netherlands and the United Provinces*, 1773; and *A General History of Music*, 1776.

THE LETTERS OF DR CHARLES BURNEY: VOLUME I, 1751-1784
edited by Alvaro Ribeiro
Clarendon Press,Oxford £60, 501 pages

Burney's interest in music was limitless. On his journeys on the continent he attended musical performances of all kinds. He searched the libraries for printed scores and manuscripts, and presented letters of introduction to the leading musicians in every city he visited. Unlike Sir John Hawkins, his only rival as a pioneer musicologist, Burney was no collector of antiquarian curiosities as an end in itself. True son of the Enlightenment, he believed in absolute standards of taste and he had little *doubt* that his own century was less liable to artistic error than the past. Josquin he admired, but Elizabethan madrigals were barbarous.

When in Paris Burney heard a minor piece by Mozart, who was then eighteen. It was, he wrote, "a very elaborate and masterly composition which *none but a great master of har*mony, possessed by a consummate knowledge of the genius of different instruments, could produce". J.S. Bach he found dry, preferring C.P.E. whom he knew personally. His warmest admiration was for Haydn, whose visit to England he helped to arrange. Haydn's music became more pleasing to him the older he became. It gives me more pleasure, he wrote, than "in the most ignorant and rapturous part of my youth".

The Burney family left a rich archive of letters and papers, including the long diary of the doctor's daughter, the novelist Fanny Burney. In recent years many of these papers have been edited for publication by a team of scholars, mostly Canadian. The latest to appear is the first volume of the collected letters of Charles Burney, covering the years to 1784. There are still three more to come – Burney did not die until 1814 when he was 88 – but the earlier period is of most interest. Many of the letters have never been printed before, or are only available in heavily cut versions, and the editor has supplied admirable explanatory commentaries which take up half the book.

Burney had ambitions to be a literary figure. Many of his personal letters are carefully wrought compositions, produced with an eye on posterity. In an age which expected *for*mal compliments, Burney could lay them on with a shovel, and some of his flatteries must surely have stirred the stomach even in his own day. He also enjoyed turning out verses, *but lacked inspira*tion. Although the collection is a welcome addition to our knowledge of the Johnson milieu, its main value lies in the comments about music.

As with many Clarendon Press books, the price is forbiddingly high, and although the printing is excellent the paper looks unattractive and unenduring for work that is unlikely ever to be done again.

William St Clair

Words of passion

A DATE with Dorothy Thompson, so the story went in her college days at Syracuse, New York, meant a walk in the moonlight and a talk about Hegel. Young women enamoured of philosophy often conceal passionate natures. So it was with Dorothy Thompson, one of the most talented, and certainly the most committed, journalist of her day – champion of justice, friend of presidents, scourge of national-socialism, married three times, ever more thrillingly.

If few people have heard of her now, that is a measure of journalistic fame. Words of fire, written today, become the fish and chips wrapper of tomorrow. Dorothy Thompson was the most successful woman journalist of her time, from the mid-1930s to the end of the war.

She had tremendous flair and feeling for getting to the heart of things, and no inhibitions, as a woman, about her vocation. Most important, her political instincts were right, notably in her prescient hostility to the threat of Hitler.

The value of this account of her life is that it recalls, from a fresh angle, the events of those years, and records in such detail Dorothy Thompson's achievement. Her own comments on her life, political and amorous, are better than anything an observer might offer, and fortunately she left a cornucopia of letters, diaries and papers to draw on.

Her meeting with Hitler is revealing (and makes a damning contrast with the likes of Unity Mitford). It took her less than 50 seconds "to measure the startling insignificance of this man who has set the world agog. He is formless, almost faceless, a man whose countenance is a caricature... There is something irritatingly refined about him. I bet he crooks his little finger when he drinks his tea..."

Face to face with the banality of the man, Dorothy Thompson could not bring herself to believe he could succeed. It was a major error of judgment, and was rapidly corrected. From his rise to power to death in the bunker, there was no one in journalism who spoke louder than Dorothy Thompson in the fight against Nazism, her biographer claims.

AMERICAN CASSANDRA: THE LIFE OF DOROTHY THOMPSON
by Peter Kurth
Little, Brown £20, 537 pages

She was the first American correspondent to be expelled from the Third Reich, on Hitler's personal order. Characteristically, after the war she was in trouble for arguing so strongly that Germany should be treated with compassion and understanding. She mistrusted Roosevelt, with his charisma and talk of this generation having a rendezvous with destiny. "This generation had better not make any blind dates," she replied. That kind of verbal KO was her trademark – that and solid reporting in the service of naked emotion.

Dorothy Thompson's success as a journalist – founded on her thrice-weekly column "On The Record" in the old *International Herald Tribune*, begun in 1936 and continued for 22 years – would not on its own make such compelling reading if it were not for her starry private life. When she fell in love, she fell quickly and completely. Her second marriage, to Sinclair Lewis, best-selling author and big drinker, was a cataclysmic experience.

"Mr Lewis!" she protested when he first proposed to her, "I don't even know you!" What did that matter, he replied: "I have been looking for you all my life." He went on asking until she gave in. He won the Nobel Prize but still went on his binges. For a period she indulged a lesbian streak.

With her third marriage, to a painter who was in no way intellectually inclined, came a long period of content. By then, the young woman who had got her first foreign assignment by claiming she knew more about Zionism than anyone – and had the confidence to prove it – had become a living legend.

Cover of *Time* magazine. Satirised in the movie *Woman of the Year*. Friend and confidante of everyone who mattered. At the height of her fame she was read by between eight and ten million people a day. At Syracuse, her dean of studies warned her that many people who lived from writing would be forgotten when their pens ceased to function. *An American Cassandra* seeks to redress that judgment, with the kind of informed and entertaining reportage its heroine would surely have endorsed.

David Spanier

In at the death of Soviet communism

SOVIET communism gave its final death rattle in the immediate aftermath of last August's abortive putsch. Boris Yeltsin, magnificently defiant on the barricades at the Russian parliament, had already repudiated communism and all its works, and Mikhail Gorbachev, when he returned shaken from his three days of house arrest on the Black Sea, was obliged to follow suit. On Saturday August 24, he announced, although with some reluctance, that after more than seven decades the rule of the Communist Party was over. The Soviet Union dies next week.

The way in which this historic turning point was reached will no doubt preoccupy commentators for a long time to come, and several have already appeared on the scene, among them the intended victim of the August putsch himself (The August Coup: the Truth and the Lessons by Mikhail Gorbachev. HarperCollins £13.99. 127pp). Gorbachev's *own account is, however,* something of a disappointment. Only 15 pages are devoted to the crucial three days of his detention in the Crimea, and many details are left unexplained. For the rest, he resorts mainly to special pleading, with a tenuous explanation of why, although he suspected a coup might be in the making, he left the plotters in power, and an all too brief word of praise for the man who saved him, *Boris Yeltsin*.

In the closing sections he reflects on the future of the new Union of Sovereign States, but the writing is tired and wooden. In the final analysis, Gorbachev's genius for compromise deserted him. Yet compromise is the rarest of virtues in Russian political life. It was, after all, Gorbachev who started the present tumultuous transformation of Soviet society, and posterity may well deal with him more kindly than the present memoir would suggest.

In retrospect the August coup seems a fairly simple affair: the courage of one leader against a half-hearted attempt to turn the clock back by a bunch of inept conspirators. It was more complicated than that, *however*, and the BBC's Martin Sixsmith has now provided not only a vivid eyewitness account of those three fraught days and nights in the besieged Russian parliament building with Yeltsin, but a *thoughtful* reconstruction of the tangled events leading up to it and the mixed motives of those involved. (**Moscow Coup: the Death of the Soviet System**. Simon & Schuster £7.99. 180pp).

In the months preceding the coup he had interviewed most of the leading figures in the growing drama of confrontation, from Shevardnadze to Lukyanov, from Yakovlev to the hardline Colonel Alksnis. *He had noted how deeply* unpopular Gorbachev had become with ordinary citizens *by his failure* to meet their expectations. As for Yeltsin, he knew that he had started as typical *homo sovieticus* but also that he had a rare ability to change and to inspire personal loyalty. In writing of the *August coup, he shows a who*lehearted identification with the Yeltsin camp that might draw frowns from some, but he is redeemed in this by his infectious enthusiasm.

Another former Moscow correspondent, *John Morrison* of Reuters, has produced the first detailed biography of the leader who now dominates the Russian stage (**Boris Yeltsin**, Penguin Books £8.99, 301pp). While showing a lively sympathy for his subject, Morrison is well aware of his faults – an authoritarian tendency, an intolerance of others' viewpoints – yet feels that these are outweighed by his virtues. From his harsh upbringing in *Sverdlovsk*, Yeltsin has retained an ability to understand the sufferings of his fellow citizens, and has demonstrated it again and again by visiting the most depressed corners of the country.

Some have detected in him an element of Great Russian chauvinism, but by speaking *up for Russian interests so* long flouted in the past he has won a vast following. How this will eventually be accommodated in a larger Union remains to be seen, but Morrison's perceptive study throws *much light on Yeltsin's com*bative, complex character.

An older voice, that of Alexander Solzhenitsyn, provides a useful footnote. (**Rebuilding Russia**. Harvill £4.99, 103pp). His central theme – that Rus*sia must discard the spoils of* empire and refashion its destiny in its old heartlands – is not new, but is here eloquently restated, in an excellent translation by Alexis Klimoff.

Erik de Mauny

A good dig through recent archaeology

A CENTURY ago the future excavator of the tomb of Tutankhamun started his archaeological career as a draughtsman recording tomb paintings. Then only seventeen, Lord Amherst spotted his ability and helped send him out to Egypt by paying half his £50 annual wages. **Howard Carter**, by H V F Winstone (Constable, £20) is a lively account of a strong-minded loner who was a fine artist and excellent excavator. His standards were so far ahead of his time that the boy pharoah's tomb and Carter's notebooks can still produce new information. I enjoyed this first biography, and its photographs of the days when archaeologists dug in ties and solar topees and their patrons were English lords or American entrepreneurs.

Egyptian Myths by George Hart (British Museum £5.95) is the stocking present for anybody off to the Nile who wants to disentangle Isis and Osiris and find the background to *The Magic Flute*. Music lovers will enjoy **Music and Musicians in *Ancient Egypt*** by Lise Manniche (British Museum £9.95). I was struck by how many instruments they had, from lute, lyre and harp through woodwind (double oboe) to percussion (tambourine, clappers and rattles). Their "harper's songs" urged *the* Egyptians to cheer up and enjoy life while it was there.

The Rape of Egypt by Peter France (Barrie & Jenkins £16.99) is sobering, an account of how the Europeans, starting with Napoleon, stripped the country of its monuments for over a century. By the 1920s attitudes had changed and Tutankhamun's treasures stayed in their own country. An easy read on a well-traversed topic, marred by the author not saying where his quotations come from.

Soberer still are two books on human sacrifice. **The Life and Death of a Druid Prince** by Anne Ross and Don Robins (Rider £8.99) sets Lindow Man – the bog body – in context among the Celts and the powerful religion of the Druids, whom the Romans sought to eliminate as dangerous mullahs. **Aztecs** by Inga Glendinnen (Cambridge £24.95) is a long essay on similar customs in Mexico, with the 16th century Spaniards in the role of the Romans.

Three additions to the English Heritage/Batsford handbooks to English monuments (£12.95) are lively, authoritative and easy to understand with clear illustrations, many of them reconstructed drawings. Niall Sharples tackles **Maiden Castle**, Dorset's spectacular Iron Age hillfort, Julian Richards **Stonehenge** and Francis Pryor **Flag Fen**, the extraordinary settlement on a wooden platform outside Peterborough which is giving a totally new view of early Britons – our forebears lived in the mud as much as on the chalk downs of Wessex. All three sites are exciting places to visit. These books do them justice, and tell you how to get there.

Wall-to-Wall History by Richard Hodges (Duckworth £9.95) is a thoughtful account of the secrets the country and its drystone walls hold on a hillfarm in Derbyshire. Hodges interrogates the landscape to squeeze out its history from prehistoric times to a Roman mining village, medieval sheep grazing and today when hillfarms are marginal. Guy de la Bedoyres **The Buildings *of Roman Britain*** *(Batsford £25)* is a handbook of the sophisticated designs of triumphal arches, villas, temples, markets, mills, amphitheatres and wharves the Romans brought to Britannia – along with central heating and running water.

Reading the Past (British Museum £17.95) is a lucid collection of essays on early scripts. From Mesopotamian cuneiform to Egyptian hieroglyphs or Etruscan, men *took a great step forward when they* invented writing. These guides explain how the texts were deciphered and what they say. Linear B distinguishes between castrated sheep and rams, and the Mesopotamians invented the sexagesimal (60-base) system we still use to tell the time. An ideal gift for crossword fanatics or applicants for GCHQ.

Archaeology by Colin Renfrew and Paul Bahn (Thames & Hudson £18.95) is a tour de force ranging over the subject worldwide with something of interest for everybody. I am staggered how much they manage to encapsulate in a book that looks as if it is aimed at first-year undergraduates but is also a good present for those filling in UCCA forms for archaeology.

As a veteran of the Cyclades, Lord Renfrew knows **The Cycladic Spirit** (Thames & Hudson £32). This *is just the book for those who do* not think there is enough "criticism" in the study of ancient works of art. It has stunning photographs of the marble 3rd millennium BC figurines with folded arms, wide-ish bottoms and tilted-back oval heads which, he reminds us, had such an impact on Brancusi and Modigliani – and also on Henry Moore.

Gerald Cadogan

PROPERTY/SKIING

Forced sales and heartbreak in '91

***John Brennan** looks back at one of the most traumatic years the UK residential property market has faced*

THE SEASONAL harvest of housing market reviews is upon us. Some are bland, some spicy, and some wander off into the wider economy. But no Christmas or New Year would be complete without pontifications by industry leaders.

At the start of 1991, sensible people were looking in one direction. They could never have imagined the shattering effect of job losses and repossessions on confidence and sales.

The hope was for further modest interest rate cuts following the previous autumn's reductions – which had, however, encouraged viewers rather than buyers. It was thought that a small extra reduction in loan costs would boost sales from barely ticking-over to active. Few expected the degree to which job fears would deter movers or how indiscriminate would be the fall-out of forced sales and repossessions.

The hard evidence of home-loan problems has long been evident in auction catalogues with their lists of vacant and boarded ex-council houses, older flat conversions and run-down terraced houses. The change in 1991 was the scale of the forced sale business.

Yet, repossessions that end in public auction rooms represent only a tiny sliver of the "must-sell" transactions across the country. Individual sales agency managers, quoted in the Royal Institution of Chartered Surveyors' regular country-wide reviews of the market, have made clear that, far from being a rarity, forced sale – and, more often, near-forced sale – work has been providing the bulk of many agencies' day-to-day business.

This year, the increase in forced sales has extended across price and class ranges. Indeed, the sight of such sales stretching into leafy suburbia and including double-glazed, double-garaged, executive Tudorbethan homes has had a traumatic effect on middle-layer owners, in particular.

Their problems have, however, been bonuses for one new group of buyers that no one spotted 12 months ago. In among the professional traders at residential auctions have been a number of exceedingly cautious middle-aged couples, less well-off divorcees and long-term renters. For them, repossessions at knock-down values have proved an unexpected opportunity to buy cheaply a home of their own.

The other strength of these buyers is that, with some savings, they have been able to walk around the valuers' trap that proved to be another of the unexpected bars to reviving sales volume in 1991.

The valuer – whether from a lender's own professional staff or from the country-wide panel drawn from local surveyors – has needed no signboard messages to appreciate that optimistic estimates are unfashionable. Indeed, the year's cautious valuations for mortgage loans have added to the withdrawal from the market of the various loan-bridging offers which had been making it possible for some first-time buyers to pick up good discounts from builders on the price of a new home.

Valuers' reactions have had a profound effect on saleability. Usually, there would not be a lot of difference in the value for mortgage purposes of one modern house against another, and any gaps could be smoothed by builders' discounts. In 1991, though, the gap between asking prices and valuations has been remarkably varied.

Valuations in different parts of the country, and on different types of property, make clear that valuers – asked to come to a professional judgment of re-sale worth without any recent comparable sales evidence – have been setting highly-cautious figures.

On some new-home estates where there has been the occasional discounted sale to keep up the developer's spirits, valuers have been content to take the discounted asking prices as a valuation level. Yet, travel a few miles up the road and you find a builder at war with valuers keen to reduce the loan valuation by the amount of every discount or incentive to buyers.

Valuations for mortgages as much as 30 per cent lower than asking prices have meant that any mortgage raised on such properties would be covered more securely than Atlantis. But only buyers with access to a big deposit could afford to ignore that reversal from open-handed to restrictive lending. There has been little evidence of the important extra cash boost for younger buyers from parents and grandparents.

When prices rose in the 1980s, those older owners were content to realise a part of the free equity in their homes and help their children with cash so they could bid for a better property. This "trickle down" effect has been noticeable by its absence in the past two years.

None of these now-familiar hallmarks of the 1991 housing market was expected to be relevant during last year's season for residential punditry. Yet, every one caused unexpected change. No one, for example, would have predicted a year ending with the government pressuring big lenders to create schemes so that owner-occupiers can become tenants as an alternative to eviction.

Another thing last year's pundits never would have expected is the insensitive response to troubled borrowers by some "central lenders."

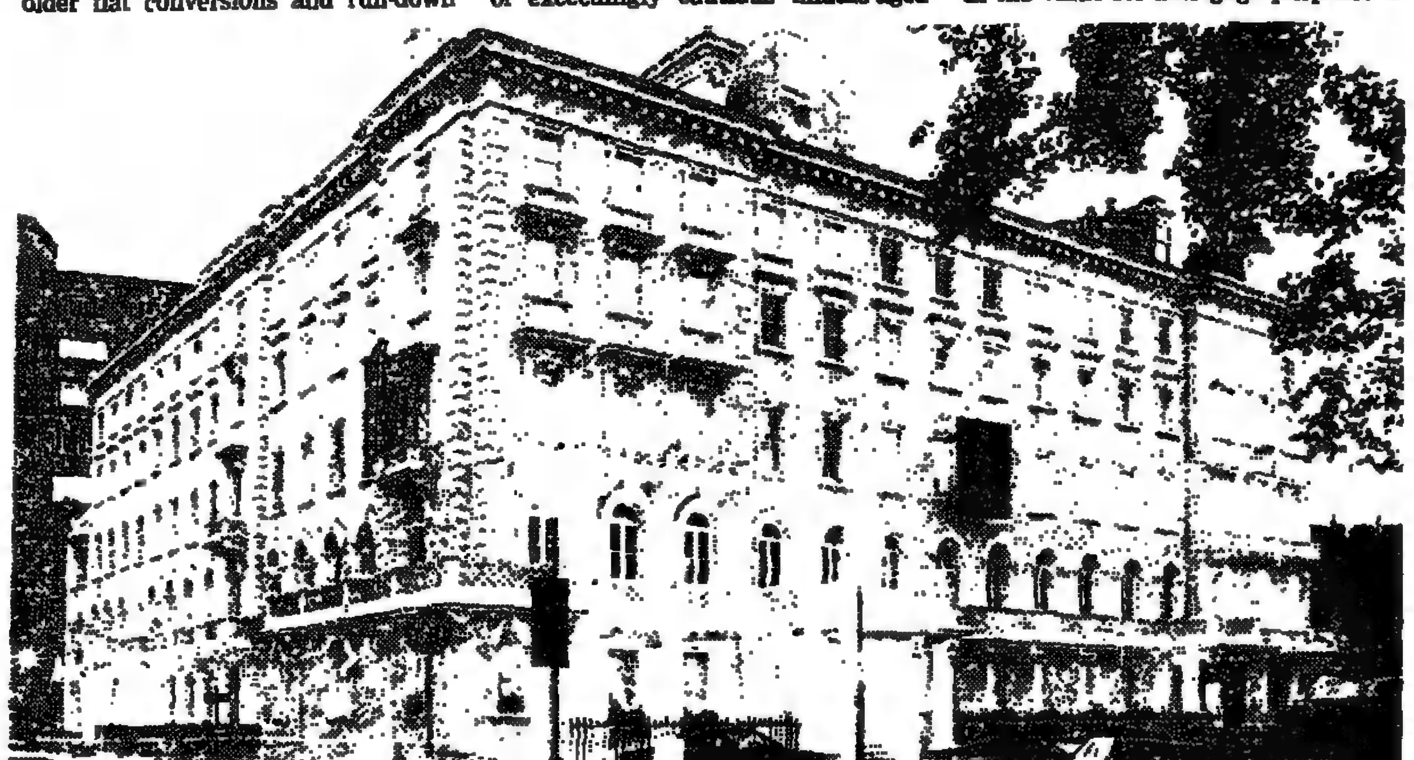
When these wholesale lenders set up their stalls, they did so in a way that attracted a lot of business from the "hotter" ends of the loan market. The drive was for young, double-income couples and for would-be owners more interested in trading their flats and houses than in buying a home, as well as a no-nonsense pitch for "loans of last request."

The cool, no-nonsense ability to get cash out appealed to borrowers. But those who have become embroiled in repayment problems have found that while the coolness is retained, the efficiency takes a back seat.

Once accounts seem to have moved beyond the point of minor arrears, at least one central lender's way of giving comfort and aid is to have them bundled out and away to land by the pre-set word processors of a low-cost northern solicitor. This starts a formula: a grey but persistent correspondence aimed at getting full outstanding payment or a court order for possession.

On the other side of the coin, a real shortage of international-standard new residential property in London has enabled there to be a slim but active market for the best at the keenest prices through the year. "Keen" is a relative term when you look at west/central London housing. But in the case of the no-expense-spared rebuilt block in Lowndes Court, Lowndes Square, SW1, keen has meant up to £750 a square foot – a figure that would have been demanding even in a "live" property year!

Sales signs outnumbered buyers during the year


A rare success story is Lowndes Court, London: apartments at more than £2m a time, yet sales agents Knight Frank & Rutley (071-824-8171) has only three flats that are not sold or under offer

Snow danger and delight

It was "snowing like crazy" in Klosters, the Prince of Wales' favourite Swiss ski resort yesterday. This was much to the delight of thousands of British skiers and Rory Byrne, of Powder Byrne, who sells expensive ski holidays to Switzerland. Before Christmas a number of Swiss resorts were decidedly patchy – even Zermatt, in spite of its snow guns, was looking thin on top. But following heavy snow over the festive period, skiers woke yesterday to near-perfect conditions in most of Switzerland and the Alps.

But there were dire warnings of the dangers of skiing off piste. In the Jungfrau region – famous for its spectacular mountain triumvirate of Eiger, Mönch and Jungfrau, but infamous for poor snow in recent years – a foot fell in Grindelwald and Wengen on Thursday night.

In the French Alps, after the heaviest snowfall in a single day since the Second World War, the pistes are almost universally in superb shape and after a huge avalanche control operation, as safe as the pisteurs can make them.

In Austria where it snowed in many resorts on Christmas Day conditions are also extremely good. Marion Telsnig, at the Austrian Tourist Office in London, ran out of superlatives yesterday.

"Amazing", she said of the 130 cm of snow at St Johann in Tirol. "That's quite a low resort," she said.

"Incredible," was her description of the 185 cm on the upper slopes at Saalbach-Hinterglemm. She also drew attention to "wonderful" conditions in Kitzbühel, Lech and Zurs where there was up to 170 cm on the upper slopes.

According to Citalia, the Italian specialists, there is excellent skiing in most Italian resorts especially at Bormio, Santa Caterina, Madonna di Campiglio and in the Italian Dolomites. At Cortina, according to Citalia's Samantha Wilson, there is "loads of snow and wonderful conditions."

Wilson was however being scrupulously honest about Courmayeur, one of the more gloomy spots.

"It's not good," she said helpfully, "they're skiing on old snow. Here's our rep Alli's report, which has just come in. It says: "Very icy. Lots of accidents, including me.""

In the end Christmas on the slopes turned out to be a day of delight rather than drama. In spite of avalanche warnings many resorts enjoyed their finest Christmas for years, with crisp conditions, blue skies and sunshine. Ironically it was those skiers who obeyed skiing's No 1 edict – aim high – who were confronted with some of the worst problems.

"It was ironic that the people who took our advice and went to high ski resorts were the ones who could not get into the resorts because of too much snow," said Thomson's ski programme director Mark Wenborn.

"Many spent last Saturday night sleeping on the floor in village halls and fire stations," he said.

According to the French meteorological office 120 cm of snow fell in the Tarentaise area – where February's Olympics will be held – during a 24- hour period last weekend.

This was the heaviest fall of its kind since 1945. It was followed by the most dangerous possible conditions – six hours of rain with strong winds at high altitudes. But even the rain was a mixed blessing. It soaked through to the frozen base and re-froze to make the base more stable.

"The pisteurs have blasted hell out of everything in Les Arcs," reported Martin Rowe of Optimum Ski Company, "so everything here is as safe as they can make it. But it would be absolutely lethal to ski off-piste."

The forecast is for colder weather, more snow and superb skiing for all. But with high winds increasing the avalanche danger there is still a fine line between wonderful skiing on piste and disaster and tragedy off-piste. You have been warned.

Arnold Wilson

Swan lake: Bewick's and Whoopers fly from Siberia, Scandinavia and Iceland to winter at Welney

Wild swans at Welney

Jonathan Young whoops it up on a reserve run by the Wetlands Trust

ONLY THE wild swans obscure the stars at Welney. The orange murk that conceals the constellations elsewhere is absent above this small village 26 miles north of Cambridge. So, too, are people. They are outnumbered, hundreds to one, by wildfowl.

Companies of wigeon, trips of teal and packs of mallard, shoveler and pochard winter here in their thousands, attracted by an unique environment. Like so much of England, it is man-made.

Welney sits on the bank of the Old Bedford River which runs in perfect parallel with its sibling, the New Bedford, for 22 miles, separated only by a strip o f meadows. The two rivers were dug between 1640 and 1651 to pull the teeth of the great River Ouse, the feeder of the fens, by the Dutch drainage engineer, Cornelius Vermuyden. The Ouse had never forgotten its old borders before the transformation of its marshland into black fen soil. Most winters it would break its banks and reclaim its territory. The Bedford rivers, running from Earith near Ely to Downham Market, stopped its rampaging, though it was finally tamed after the construction of a third drain, the River Delph, in the 19th century.

As water levels grow in winter, the sluice at Earith is opened and land between the great drains flooded. The meadows, or washes, are enriched by the Delph's sludge and give sweet summer grazing for cattle, which in return increase the flora and fauna with their dung.

It is a system designed for man, but hand-made for wildfowl. Most wild duck, geese and swans are dabblers, preferring either to graze on exposed grasses and plant seeds or upend in shallow water to feed on submerged plants. The half-drowned washes supply everything that wildfowl need, in profusion.

Such is the washes' call on the wild that some 35,000 wigeon concentrate there in January, having migrated from their summer breeding grounds in Russia, Scandinavia and Iceland. The wild swans undertake similarly extraordinary journeys.

The Bewick's swans fly 2,500 miles from their breeding grounds in the Siberian tundra, through Estonia and the upper reaches of Elbe in eastern Germany before cutting over the North Sea to Welney. Their cousins, the whoopers, have a shorter flight from their Icelandic home, but face a four-hour sea crossing.

Whoopers and Bewick's are the fairy-tale swans of Swan Lake and Yeats, that "scatter wheeling in great broken rings/ Upon their clamorous wings". They are of the winter, and of wild places, untainted by the over-familiarity with man that has transformed their heavier, aggressive relatives, the mutes, into parkland ornaments.

In January, there are 4,000 Bewick's and 500 whoopers at Welney. They cry all night, an eerie lullaby to send asleep those staying at the Lamb and Flag, a Welney inn where a 36½lb hen pike glowers from the bar entrance. It was the loser of a tussle in the 1920s with Colonel Harold Atherton. The regulars emulate its glare, but soften once they realise the visitor is not going to intrude. Wildfowling and fishing is the conversation, a couple of wigeon or a jack pike a regular item on the fenland table.

These men's skills were absorbed from birth. Calling up a wigeon, fishing a dead-bait for pike, setting an eel-trap: today they do it for sport but their forbears practised the fen arts commercially.

Over the road, at the Three Tuns, a puntgun stretches the length of the bar. It is a small gun, as puntguns go, nothing like the ordnance once used by James Robertson Justice on the Wash. Mounted on the bows of a double-handed seagoing punt, it would despatch a double score of duck with one shot. The Three Tuns puntgun is toy-like by comparison, but still capable of spitting 8oz of shot into a thick wedge of wigeon.

At the beginning of the century a good shot could earn the market-gunners the equivalent of a week's agricultural wage, though it was never an easy living lying face down in a wracked-out punt, inching it forward bare-armed through the ice-water. Plover-netting was more comfortable and more profitable, though few had the skill to decoy them and those that did found the art became a black one after the 1954 Birds Protection Act.

The River Delph runs past the Three Tuns, a deterrent to drunken driving and a constant draw for the pike-anglers. A line of human herons, they brood motionless over their floats, waiting for the line's twitch. Opening time comes, closing time passes.

Warm-blooded mortals would stop for a pint of Cambridge or Greyhound: the pike-fisher just fishes. Perhaps they await another sturgeon; one navigated the river in 1912, it was shot and sold at Billingsgate fish market. Reputedly, it was so enormous it could not turn to make its escape.

Or perhaps the fishermen are simply not robust enough for the Three Tuns. For the last 26 years its has been run by John and Mabs Waring, who have been asked to leave more countries than most people have had hot dinners; especially at the Three Tuns, where pub food is considered a dangerous aberration that interferes with keeping the beer in prime condition.

The nearby Lamb and Flag will produce cooked breakfasts and pints of hot Indian tea at 5.30. But even after that and swaddling oneself into a fair representation of Ranulph Twisleton-Wykeham-Fiennes, the frost still stings. After Ladies Day at Ascot, Welney in January is the coldest place in Christendom.

Any discomfort though is worth it. Imperceptibly, the Dog Star fades, the black becomes grey and the whicker of wings spreads. A solitary mallard's fat quacking fails to compete with the wigeons' growling and whistling. The frantic pattering of webs signals another flight of swans to reflect the first light from their flawless pinions. At nightfall, they trumpet in the blackness, then materialise: white wraiths under the floodlights of the wildfowl reserve run by the Wildfowl & Wetlands Trust. No prima ballerina can compete with the beauty and grace of this swan lake.

■ *Jonathan Young is editor of The Field.*

■ *Information: Welney is 26 miles north of Cambridge, off the A1101, signposted from the A10. The Wildfowl & Wetlands Trust Reserve opens daily, 10am-5pm, £2.75 adults, £1.35 children. "Swans under Floodlight" evening visits Nov 7-Mar 1, at 6.45pm. Booking essential. Binoculars can be hired for £1, gumboots are recommended, dogs not allowed. Tel: 0353-860711 for details.*

■ *Double B&B at The Lamb and Flag, £28, £16 single, tel 035471-242.*

Tunnel visions of poetic promise

I wanna be the leader
I wanna be the leader
Can I be the leader?
Can I? I can?
Promise? Promise?
Yippee, I'm the leader
I'm the leader.
OK, what shall we do?

IF YOU have been one of the 2m or so travellers on London's Underground rail system every working day, you might remember this ditty. It featured as a Poem on the Underground – one of a continuing series of poems displayed alongside the advertisements in tube train carriages.

The displays uncovered a remarkable and unsuspected appetite for poetry among ordinary people, appealing just as much to business executives as to established devotees of Roger McGough, the Liverpool "performance" poet who wrote that particular verse. So far, almost all the 100 poems chosen for display in the Underground programme have sold well in poster form. Now, they have been collected in a book, *Poems on the Underground* (Cassell), which also is selling well.

This experiment in popularising poetry began with a flash of inspiration from Judith Chernaik, an American-born academic and novelist who has lived in London for 20 years and was impressed by the poems set in the paving outside the Royal Festival Hall. In 1986, with help from the Arts Council and cautious backing from London Transport, she raised £10,000 to pay for the initial scheme. London Transport is now so pleased with the project that it has increased the number of slots for poems and is paying all the costs.

"The poems, and the Art on the Underground series, solved a business problem for us," says Henry Fitzhugh, director of marketing for London Underground. "We had unused advertising space and this offered a real benefit to our customers." Now, suburban trains in the Irish capital, Dublin, display poems and, in Germany, Stuttgart and Berlin are considering similar projects.

Chernaik says that the underground series has revealed a "widespread private addiction" to poetry in Britain. All kinds of people write in with suggestions or offer their own pieces. So, has London Transport succeeded in a new mission to popularise high-brow art? Giles de la Mare, a director of Faber, Britain's leading poetry publisher, says: "Sales of poetry are as good, or better, than they have ever been."

Faber's success in publishing poetry depends on mixing the old and the new, particularly through anthologies, in a similar way to the selection made for *Poems on the Underground*. These include classics, work by living poets and poems from anonymous or translated sources.

Chernaik believes poets want to be read for pleasure rather than to be studied, and that most audiences like a mix of traditional and modern, happy and sad, light and sombre.

To reach the people, she believes familiar classics – such as Wordsworth's "Earth has not anything to show more fair" and Shakespeare's "When in disgrace with Fortune and men's eyes" – must be included. Inevitably, love poems are popular, particularly with the young. There also is a handful of well-worn extracts from longer poems, notably the sombre final lines from Milton's *Paradise Lost*. But most are chosen from the long tradition of English lyric verse.

Although she and her two fellow-judges avoid obsure verse, they have tried to make the selections as broad as possible. For example, they have drawn equally from the "academic" and "popular" wings of modern poetry.

So Philip Larkin, arch-priest of the Movement poets (a group which believed that it could appeal only to a select audience), jostles with Adrian Mitchell, the "protest" poet celebrated for his public performances. Mitchell himself is represented in the tube series by his typically boisterous encomium *To Celia*:

When I am sad and weary,
When I think all hope has gone,
When I walk along High Holborn
I think of you with nothing on.

The selections also ignore arguments over verse form. There is no apparent bias towards poems which rhyme and scan; and several of the modern choices, such as Ted Hughes' atmospheric *Full Moon and Little Frieda*, represent verse at its most free.

One of the most popular contemporary comic verses has been the loosely-rhyming *London Airport*, by Christopher Logue:

Last night in London Airport
I saw a wooden bin
labelled "UNWANTED LITERATURE
IS TO BE PLACED HEREIN."
So I wrote a poem
and popped it in.

Even so, the public clearly has shown its taste for traditional forms in contemporary verse. Paul Castle, commercial manager of the London Transport Museum, says one of the best-selling posters has been Gavin Ewart's sad little rhyming poem about a 14-year-old convalescent cat which might soon have to be put down. There was also much public response to Charles Causley's rumbustiously rhythmical *I Saw a Jolly Hunter*, although part of this reaction undoubtedly was due to its subject; the last verse runs:

Bang went the jolly gun.
Hunter jolly dead.
Jolly hare got clean away.
Jolly good I said.

Chernaik says the selectors had little idea if a book of these poems would succeed. But *Poems on the Underground* probably got off to a racing start because many buyers already were half-familiar with the series, either through the tube train displays or the poster reprints which are distributed widely to schools and libraries.

Sales of the published anthology will soon begin to generate a royalty, which probably will be ploughed back into the programme. Neither London Transport nor Chernaik sees an end to the project. "The lyric is a really great art form," she says. "We are never going to run out."

Terry Dodsworth

As they say in Europe

Clippings from the 1992 file

I HAVE been lucky enough to secured copies of items that will appear in 1992 in newspapers familiar to readers of this column. In May *Le Monde* will discuss the construction of new cabinet in Britain after John Major gains of a majority of three in the general election.

"The prime minister, now confirmed in office by popular mandate, has clearly followed two conflicting imperatives: the need to make a final break with the politics of Mrs Thatcher while ensuring continuity in the wider conservative tradition. Never before in English history has the oxymoron of politics operated more demandingly. Doubtless Mr Major will draw resources from the circus background in which he evolved."

Le Figaro, is more concerned with the domestic scene. "It is now nine months since *papa* president presented a new bride to the French nation in the form of our first prime minister of the feminine gender. The long gestation period has been without issue, Mme Cresson remains frustrated in her paradoxical attempts to achieve a loving relationship with her spouse while the latter feels adulterous longings. The time has come to call a halt to this marital farce."

The *Frankfurter Allgemeine Zeitung* will be, as usual, preoccupied with bigger issues. The acceptance of Croatia as an associate member of the European Community will occasion this comment: "At last democratic, civilised Croatia is taking its rightful place among the community of free nations. Zagreb will achieve its place as the Athens of northern Illyria, a Mecca for those who believe in the righteous struggle for self-determination. The only problem is among those who denigrate the new republic, vilifying its valid measures against the hundreds of thousands of Serbian torturers, war criminals and traitors still at large. A flourishing free society can be based only on the strictest respect for considerations of law and order."

The *Neue Zürcher Zeitung* will devote a page to what its proponents called "an exciting new traffic light phasing system" in the suburb of Seebach. "The new system is the result of careful research undertaken by the communal Traffic-Flow Investigation Department and relevant federal organs. It has, however, encountered the hostility of the local Citizens' Initiative for a Permanent Traffic Light Working Group for the Zurich Cantons. Its spokeswoman, Dr Hilde Stigli, said, 'Switzerland is nearly 701 years old yet we still encounter this absurd refusal to entertain a referendum on this matter even though 20 votes have been secured in favour of such a project.'"

In Milan, *Il Sole-24 Ore* covers the granting of a further L200bn (£92m) for the relief of the victims of the 1980 earthquake near Naples. "It remains to be seen whether this event has now triggered the biggest single looting of public coffers ever. The only difficulty is finding appropriate conversion rates for current lire to obtain comparisons with some of the more notable achievements of the Giolitti era."

La Repubblica writes, "As he signed the new contract, Gennaro, the boss of Construzione Napoletana Sprl, rejected accusations that he had personally caused the earthquake. 'I was in Barbados at the time, even if I had been here I wouldn't have thought of it,' he said."

Difficulties between the emerging republics in the former Soviet Union will be a source of worry to *Pravda*. "A new stage in relations between the onetime members of the Union is heralded with the news that the government of Kyrgyzstan launched a nuclear weapon against Tajikistan. On the positive side one can note that the missile was only a small, tactical weapon and that it landed in a wilderness and did little damage, a fact which testifies to the tragically low level of military culture among supposedly qualified personnel in the new nations. On the negative side there is the fear such incidents could be repeated. It is a challenge to us all."

James Morgan

■ *James Morgan is economics correspondent of the BBC World Service.*

On the trail of Dr Criminale

■ From Page I

really like him?" she asked me, sitting down. "I'm not sure," I said, "I'm just trying to find out about him." "Talk to her," said Hollo, patting my shoulder. "By the way, Ildiko is the editor who publishes the books of Criminale."

Ildiko looked at me from the other side of the booth and laughed. "So you know Sandor," she said. "What a rogue, don't you think? You mustn't believe a thing. He is always in trouble, no one knows what to think about him." "Criminale's publisher," I said, "Are you really?" "Yes, this is almost true, I am a bit," said Ildiko, "But for my little house he is already too famous." "Does that mean you know him well?" I asked. "Please, do you talk all the time about Criminale?" asked Ildiko. "What about football, the weather?" "Do you know what he's doing now?" I asked. "I think he makes big books, but he does not like to talk to me about it," said Ildiko. "So you've seen him then?" "About two weeks." "Two weeks ago?" I asked. "Where, here in Budapest?" "Yes, he keeps an apartment here," said Ildiko, "If you are so interested, why don't you meet him?" "It that possible?" I asked. "I think so," said Ildiko, "And then you don't have to ask me so many questions . . ."

* * *

Our car stopped at last, in some great boulevard of large, late 19th century apartment blocks, not far from the Square of the Heroes, which once included a statue of Stalin, long gone. Ildiko got out, and we followed, I gladly, Hollo reluctantly. We went into a courtyard, hung about with washing, filled with the noise of radio folk music from the windows above. There was an entrance with a grilled doorway, and beside it a set of name cards, with some of the names scrawled over and replaced. None of the names was that of Criminale.

Ildiko rang a bell; we waited, a long time. In a society of functionaries, the person who holds the key or controls a door has, for a moment, true power; no wonder a door takes so long to get through, a key so long to find. At last a small elderly woman, clad in a blue nylon overall above dirty black trousers, unlocked the door slowly and pulled it slowly back. Ildiko began to speak to her, and Hollo turned triumphantly to me: "I told you," he said. "He is gone away."

I turned to leave, but suddenly the old woman came over to me and seized me firmly by the arm. "She says wait," said Ildiko. "If you have come all this way from Europe, at least you must see his apartment. If you give her time, she will let us in." The woman smiled and nodded at me. "Thank you," I said, "I would like to."

The woman disappeared into a small office, and hunted through more keys. Then she returned and took us to an old slow lift, with open grill sides. We rose, past dusty stairwells, dirty concrete landings, blackened old apartment doors. On the top floor, we got out, more keys were turned, and then we were in the apartment of Bazlo Criminale; large, airy and fine, with big french windows and a view of the park on one side and the Buda hills on the other, a world away from the world outside. There was old furniture, good pictures, a grand piano; on the piano were many photographs: of children, adults, young women, and a good many of Criminale himself, with this person or that.

"Criminale and Brecht," said Hollo, pointing. "Criminale and Stalin," said Ildiko, "Criminale and Nixon." "Criminale and Madonna!" cried Hollo. "And there are his wives," said Ildiko, "This is Pia, his first, very nice, yes? This Gertla, his second, I think she was the second. This one I don't know." "There was one, Irini," said Hollo. "And here look, this one is Sepulchra, his wife now, when she was a bit younger." "A lot younger. And over here see she is again," said Hollo, pointing to the wall. On it, hung between great shelves filled with books, in French and German, English and Hungarian, were many photographs I now recognised; they were Criminale's famous erotic nudes.

"Are all these his wives too?" I asked. "Well, most I don't recognise," said Ildiko. "Maybe with their clothes I would. But yes, there is Gertla, see. And that is Sepulchra, and look here she is again. Such thighs, yes?" I looked along the row, at the sequence of amazing bodies, angled and shaped; some looked plainly at the camera, some hid their faces. There were many models; one even looked a good deal like Ildiko. "Quite something, yes," said Hollo, leaning over my shoulder, "Now you see Criminale did not only spend his time thinking. He liked to do some things as well . . ."

■ *A second extract from Dr Criminale, to be published by Secker and Warburg in September, will appear in next week's Weekend FT.*

ARTS

Writing on the wall for artists

***Paul Cheeseright** on a brouhaha in Birmingham, where a mural was blotted out by potted plants*

HERE is a cautionary tale from the world of public arts. It concerns a mural at the new International Convention Centre in Birmingham. It is a story of muddle and misunderstanding, of argument and tears, of high aspiration reduced to squabbles about pot plants and spot lights. It is a warning to art patrons and to artists.

The story starts with the desire of the Birmingham City Council to *beautify a hard, gritty manufacturing* centre. The City Council joined the Per Cent for Art Club: one per cent of spending on public buildings to go into works of art. So there was money to spend on art works for the Convention Centre.

One of these works, it was decided, would be a mural on a drum wall which runs up four floors around the outside of the Symphony Hall inside the Convention Centre. The artist chosen to create it was Deanna Petherbridge, *a feisty, intense woman known in* art circles as a determined advocate of taking art to a wide public. For her, the mural was a splendid opportunity to practice her beliefs *in public. Not only that: at £45,000*, this was her biggest commission.

Petherbridge is the central character of this tale. Her contract is with the Birmingham City Council, *but she was chosen by the Public* Arts Commissions Agency (PACA), whose job is to take such public commissions, find the artist and shepherd the work *through to completion*.

The original plan was that the mural would be finished by the time of the inaugural concert at the Symphony Hall last April 2. The mural, Petherbridge had decided, would be a *visual fantasy playing* on the Convention Centre's internal *architecture which*, as has become fashionable, made a virtue of displaying the building's workings. By early March, a team of painters was working day and night.

Suddenly pot plants appeared. They were in blue boxes on stainless steel trolleys. Petherbridge was outraged. So, indeed, was PACA. Installation of the trolleyed plants would restrict the sight of the mural from the inside of the building: *the viewer would be pushed* too close to the painted surface. They would block considerable tracts of the mural from the outside of the building: the plan was to illuminate it, courtesy of National Westminster Bank sponsorship, so that it would be visible in its entirety from the outside after *dark*.

How and why they arrived is reflection of the notoriously sticky interpretation of the licensing laws by the Birmingham magistrates. John Rudge of Percy Thomas Partnership, architects for the Conven*tion Centre*, said that it had been intended to obtain a license for the whole area of the Convention Centre foyers. In October 1990, just before the magistrates' hearing on the application, *it had been* conveyed to Percy Thomas that the *magistrates* would not allow it.

This led to a hasty design of the barriers in the form of the trolleyed plants. The problem was that the Convention Centre bars look out on *to the drum wall. Putting barriers* around the bars was fencing in the mural, thus shielding it from the gaze of the very public it was intended to attract.

For *Petherbridge all this was* doubly vexing because nobody outside Percy Thomas seemed to know what was going on. Between October 1990 and March 1991, there was no report to the City Council's Works of Art working party and the barriers appeared on no plans, according to Vivien Lovell, the director of PACA.

Petherbridge took her outrage to *Stephens Innocent, the London* solicitors on March 3. Three days later she heard the barriers would be permanent. On March 7 she pulled her painters off the job on the ground that her situation had become untenable: the design of the mural was *specific to the site*.

Relations between Petherbridge and the City Council were spiralling downwards. It was all very embarrassing. Petherbridge was under doctor's orders. The City Council was preparing not only for *the inaugural concert but for a* royal opening in June. So it began to consider an action against Petherbridge for breach of contract. Stephens Innocent was preparing a counter action which *also* embraced abuse of the artist's moral rights. Such rights are to the artist what copyright is to a writer; they give *the artist* the right to have a work, in effect, treated with respect.

A compromise was put together. The City Council would try to have the barriers changed to a different design while Petherbridge would return to work. *But if* the barriers were not in place by the time the Queen came, said Petherbridge, she would disown the work. The mural was indeed finished. The Queen walked past the trolleyed plants but Petherbridge kept her silence.

Weeks later, transparent barriers were put in place. And that should have been the end of the story. But there was one more episode.

In November a temporary exhibition of canal paintings on portable *screens appeared* in the Convention Centre, carefully placed just in front of the mural. Petherbridge was, to say the least, distressed. If ever there was a breach of moral rights, *this* appeared to be it: one artist's work casually relegated to the status of wallpaper to show the work of another.

In time, no doubt, all of this will seem to be a storm in a teacup, but, like all decent cautionary tales, there are moral lessons to be learned.

Retrospectively, it is clear that had Petherbridge not acted true to form, had she not fought the battle of the barriers, the politics of the quiet life would have ensured that the obstacles to the viewing of her work would have remained in place. So, for the artist, vigilance and a spiky defence of his or her own interests are necessary on complicated public arts projects.

The next point is that if public art works are deemed to be an add-on to a building project, they will remain just that. They will be thought about only when the construction and decoration of a new building is nearly complete, only as part of a prettification process. Percy Thomas, in the autumn of 1990, was under tremendous pressure to complete the Convention Centre. When the licensing area question emerged, it was just another thing with which to contend. In the context of the whole project the barriers, to the architect, were a minor issue.

This suggests that not only do public art works need more thought, but that consideration of them should become part of the early design process. Those concerned with the provision of the art works should be as much a part of the project team as, say, the quantity surveyor.

If this becomes the norm, then the lack of communication in the Convention Centre case could become a thing of the past. The arts people would know what the construction people were doing and how the architect was meeting the problems thrown up by, as in the case of the Convention Centre, the licensing authorities.

The last point is that if the artist is embroiled in dispute then the artist needs adequate funds. Litigation, or the preparation for it, is always expensive and the moral rights area is vague enough to be a playground for the lawyers. Birmingham City Council indicated to Petherbridge's solicitors that they would make an ex gratia payment. This would have gone some way to meeting her heavy legal costs. But on Christmas Eve she was told through her solicitor that there would be nothing.

A golden glow in Vienna

***Victor Price** on the architectural and musical chemistry of an annual event*

WHEN CARLOS Kleiber raises his baton to conduct the traditional New Year's Day concert of music by the Strauss family in the Golden Hall of the Musikverein in Vienna, millions of television viewers round the world will be watching him.

Until the end of the 1960s this concert was a family affair for the Viennese. But television changed all that. No doubt the occasion, the type of music and the orchestra, are the main ingredients of that success: but the venue counts for something too. The sumptuously overloaded decor – the gilding, the caryatids – of the Goldener Saal, so redolent of the 19th century, and indeed the fashionable Vienna audience (which itself seems to exist in a time warp), are comforting symbols of luxury and stability for the morning after we've seen another year in.

But the hall is more than a piece of Victorian ego-massage; it is also a superb sounding board. The architect was a Dane who had settled in Austria, Theophil Ritter von Hansen, and his building was opened in 1869 – the first of a series of really big concert halls designed to bring orchestral music to the new rising middle class: others were to include the St Andrew's Hall in Glasgow (1877, burnt down in 1962), the Leipzig Gewandhaus (1886) and the Concertgebouw, Amsterdam (1887).

Acoustically, the first in the field was to prove the best, although the Concertgebouw runs it close. An important factor was size; with its 1,744 seats and standing room for a further 300 the Vienna hall is not too big, like the Royal Albert Hall or the Royal Festival Hall. Its reverberation time (ie the time taken for a note to die away) is precisely 2.05 seconds, which seems to be the optimum. And it is the right shape: a large shoebox in which the proportions of length, breadth and height are 6:4:3.

Oddly enough, the Golden Hall does not have so much wood as you might think; its main building material is plaster. But it does have the complicated reflecting surfaces which its *stucco and gilding, its scrolls and* statuary, provide and which, as it is now realised, are essential for diffusing orchestral sound and blending it into a warm romantic body. Acoustics experts in our time have gone for something sharper and more clinical.

It need not have been so; the Symphony Hall in Boston (1900), which also produces a warm sound, was built to the specification of an American acoustics expert, Walter C Sabine.

The Goldener Saal has two unique features: Hansen suspended the ceiling from above, which allows it to reverberate independently; and the wooden floor is built over a hollow cellar area, which adds further resonance. Perhaps these are the "X" ingredients which add that special bloom to the strings of the Vienna Symphony, although it must be said that the effect is less felt in the front few rows of the stalls, which are too close to the orchestra for the diffusion factor to take its full effect.

In most people's minds the Vienna Symphony Orchestra, which always plays the Strauss concert, is inseparable from the hall. But that is not the case. This fiercely independent body of musicians is merely the chief tenant, though it has its offices in the same building. Thomas Angyan, the general secretary of the Gesellschaft der Musikfreunde, the society which owns and runs the building, told me that it is a tenant which has absolute priority, even though many other orchestras rent the hall.

Its resident conductors make use of the society's music archive, the world's largest collection in private hands, with over 30,000 scores. Founded in 1812 to organise concerts and run a conservatory, the society started collecting early on, buying 1,000 manuscript pages when Beethoven's estate was auctioned in 1827. The biggest later addition came from Brahms, who was an avid collector.

Schubert in his lifetime presented the society with the manuscript of the Great C Major symphony; Giulini, having studied the score, rather grandiloquently said to the orchestra "I've just been to see Schubert." And John Eliot Gardener made them play the first movement *alla breve* (Schubert's manuscript marking) as opposed to 4/4, as in the printed version.

This year's conductor, Carlos Kleiber, certainly unites the Musikverein's traditions of scholarship and performance. He is notoriously difficult to get on to the podium, but once there he rethinks everything he performs. No doubt he will make the 1992 medley of waltzes, polkas, marches and overtures as memorable a musical experience as that of 1989, when he last conducted.

Elizabeth Rees as the ghostly Miss Jessel in Turn of the Screw

James's ghosts

"It is a most wonderful, lurid, poisonous little tale, like an Elizabethan tragedy. I am greatly impressed by it." Oscar Wilde was right about Henry James' *The Turn of the Screw*, but would be wrong about Eve Lewis' flat stage adaptation at the Birmingham Rep Studio.

The form of James' 1898 novella is strong insurance against the vagaries of adaptation into other media. Four years after William Archibald's play *The Innocents* (1950), Benjamin Britten weighed in with the operatic version, all tact and strangeness, both far from the internal naggings of James' original. Here at the Rep, a soundtrack of whispered confidences calls up the play's fictive beginnings, and fine acting keeps the evening afloat, but James' story slips from sight. James does not translate to the stage because while he may be dramatic, his work is not dramaturgical.

A Governess believes her charges, Miles and Flora, are possessed by the ghosts of Peter Quint and Miss Jessel; she convinces the housekeeper, Mrs Grose, and determines to write to the children's guardian (with whom she is erotically obsessed). She confronts the children: Flora refuses to speak, and Miles dies in her arms while Quint's ghost looks on. Did she imagine it all? or are the children toying diabolically with her? These questions certainly occur during the play, but they are not made part of the plot as they are in James.

The Turn of the Screw turns on one's doubts about one's own imaginings; so being *shown* what is to be scared of makes the experience less frightening. Reading James is an intense engagement with what one stands most in fear of: fear itself.

Lewis successfully moves the Essex setting to India: heat, dust and loneliness work on the Governess, wonderfully played by Victoria Worsley as a study in buttoned-up hysteria and tight-laced fortitude. The set, all verandas and billowing muslin, turns from day to night in an instant, and allows the ghosts (Elizabeth Rees and Bruce Barnden) to appear and retire believably.

Theresa Heskins' direction lists towards familiarity rather than strangeness, so that the apparitions are rarely scary, the Governess seldom crazed. Instead, She has emphasised the Governess's erotic obsession, making her distrait from the start. Other reality checks come from etiquette books and Tennyson extracts; these both succeed and fail in that they puncture the claustrophobia of James' original.

Andrew St George

Pantomimes

Good clean fun

HERE ARE two quite different approaches to pantomime. *Mother Goose* at the Theatre Royal, Stratford East is short (about two hours), has a clearly defined plot and avoids blue jokes. *Dick Whittington* at the much bigger Wimbledon Theatre runs a good half an hour longer, is more like a variety show than a sustained story and some of the jokes are distinctly adult.

The *Whittington* production directed and staged by Alan Harding makes no secret of the fact that it is trying to play to two audiences at once: "You've got to have something for the grown-ups," says one of the characters after a particularly *smutty line. It also owns up* quite brazenly to the absence of story. "We're taking rat poison to Morocco," explains someone early on, "and that's *about as* much plot you'll get in this pantomime." Later there is a mild diversion when the question is asked: "Can anyone find the plot?" Nobody can, and the variety show continues. In short, this is Blackpool moved to Wimbledon.

Mother Goose is the Stratford East turning its hand to pantomime. The piece is written by Patrick Prior, the theatre's resident playwright. His *Mother Goose* is straight, unpretentious children's panto.

When I saw the opening matinée, it was term-time and the *theatre was full of school* parties. Perhaps that is not the best way to judge; the audience was too uniform. Still, as traditional pantos go, this one has everything: song sheets, shouts of "behind you" and terrific audience volume on the "Oh no, you don'ts" and "Oh yes, you dos."

Instead of throwing sweets to the audience, there is a dis*tribution of feathers from* Gooseland: Bad. puns abound: Debbie Norman's fairy is called Nuff (from "fair enough") and Annabelle Lanyon as the young heroine is Irma la Goose. (Ms Lanyon, in her first appearance at Stratford, looks a very promising actress.) Stratford East has had a pretty good year all round. This is an excellent way of celebrating it.

I also saw *Dick Whittington* at a matinée. The performance was marred partly by the show business trouper, Les Dawson, obviously losing his voice. He withdrew altogether during the evening show and is in hospital suffering from exhaustion. He has been replaced as the Dame by Jeff Stevenson, who was playing Idle Jack. From New Year's Eve Bernard Cribbins will take over.

Clearly the cast changes will affect the balance of a somewhat uneven show. The attempt to hold more than one audience at a time does always work. The production has to take a grip on the large number of under-fives, most of whom would have been better off at *Mother Goose*. The Wimbledon young can bop and pop with the best of them; but, much to Dawson's disappointment, they do not seem to know the words of "Side by Side" or "Me and My Girl". Perhaps Dawson really does go down better in the north. Anyway, we wish him well.

Stevenson as Idle Jack had the audience in his hands whenever he appeared, which was not all that often. John Nettles as King Rat sounds, deliberately or not, exactly like Enoch Powell. There are again some notable fishy puns, including a series about fish. Rula Lenska's Dick is absolutely straight; she has a fabulous, balletic cat played by Adrian Edmeades who has indeed played in *Cats* and it shows.

Malcolm Rutherford

Radio

A year on the airwaves

THE NAME of Norma Major on Radio 2 on Christmas Day does not signify a challenge to Her Majesty, who gave her annual rallying talk, to which I am a devotee, on Radio 4 earlier in the day. No, Mrs Major was acting as disc jockey – good enough, but unlikely to make the charts with Verdi, Bellini, even Milhaud. Glenys Kinnock next year perhaps?

A better way to present the classics on Radio 2 was the repetition of Richard Stilgoe's *Who Pays the Piper?* on Friday, read by Michael Williams, with incidental music by Verdi, Mozart, Purcell, Wagner and hosts of other classical composers. The text is a comic poem discussing how the composers all got paid. The programme is a Prix Italia winner, and no wonder, for it is genuinely witty and knowledgeable.

By way of a genuine contrast, Radio 4, on Christmas evening, repeated Dr Alan Maryon-Davies's *Search for DNA*, just the thing to help down all that turkey and Christmas pud. The learned doctor was shrunk by injections to a *height of 10 microns* and sent on a tour of the human system. Indigestion, perhaps, but I did not find it very informative. I had learnt more about DNA from the Reith Lectures.

Radio 3, its intellect down even below jazz, gave a comic serial every day of Christmas week except Sunday – *Ronald Hayman's Such Rotten Luck*, the adventures of an admittedly second-class author who *wants* to have his hand shaken by Iris Murdoch. He runs a poetry seminar; he collaborates with an Irishman in song-writing; he is writing a biography of Graubart, who may or may not be bisexual; he is spoiling a lady's life from her diaries. Whatever he is doing is spoiled by interference, misinformation or other all-too-likely trouble. Ronnie Hayman's only trouble was the character who makes jokes about deafness that date from the Big Bang; *otherwise it is good light stuff*, with Tim Pigott-Smith as the hack and Paul Schlesinger directing.

Radio 4's equivalent is *Literary Consequences* on five days after Christmas, excluding the weekend. It began with a 15-minute tale by Peter Tinniswood packed with inventively fertile characters, phrases too. The story opened with millionaire *Dollfiss*, born Atkinson, sent by his wife to a health-farm, but that was just the starting-pistol. The tale was continued by Alice Thomas Ellis, Tom Sharpe, Terence Blacker and Jill Tweedie; they picked up such characters as they needed and lubricated the narrative with *Tinniswood's* phrases. It was all very funny.

I had nearly 20 other items marked for attention in the week, but Christmas is a time when many people choose what seems most familiar, or most relaxing, and it will not help to draw attention to good items that they have missed through cooking, or eating, or even being at church. Better to recall some of what was special in the past year.

Some matters cannot be overlooked. There was the all-day news on Radio 4 during the Gulf War. It seemed vital at the time, but, in retrospect, gave rise to a good deal of commentary not always as telling as intended. The reporters may be justifiably pleased with themselves, all the same. Then there was the rescheduling of Woman's Hour on Radio 4 in the autumn. I have some sympathy for listeners who resented this change; the fact that it suits me is irrelevant, as I am not a woman and can generally listen whenever I want. The number of listeners has not gone down; but are they the same folk who listened before, or have a new lot of morning listeners joined in? The programme seems to me (only an occasional addict) to have, if anything, improved.

Another morning change was Radio 4's introduction of quarter-hour Bible-readings at 10.15, LW only. This began with Sir John Gielgud's superb reading of Genesis, only a little spoilt by incidental music; there is no music better than the Gielgud voice. The series of continued well, even the less interesting chapters of the Old Testament given their musical due.

Two festivals were memorable, the Mozart bicentenary celebrations most of the year, with their October climax *marking the date of the composer's death*; and the Japan festival in the autumn, both mostly on Radio 3. Traditional Japanese drama is not easily adapted to radio, though honorable efforts were made to *suggest both kabuki and noh*, and there were some interesting modern pieces. Recent Japanese music is to my modest ear much like recent Western music, and moreover part of the festival consisted of Japanese musicians playing Western compositions. (Now there is a Japan Festival on the World Service.)

Radio 3 scored well with drama, notably with Jack Emery's three "docudramas" about the trials of King Charles I, the radical John Lilburne and the regicide Thomas Harrison. This channel normally gives *classical*, or anyway important, plays on Sundays and new plays in Tuesdays. Many of the "new" plays have in fact been repeats *of old broadcasts*, for which we must be grateful. Of Radio 3's music I do not consider myself qualified to write, only to enjoy; but its current affairs is *splendid*. There were splendid programmes under Michael Charlton in January on the decay of Communism.

Radio 4 offered political criti*cisms too*, besides its comprehensive coverage of current business at home and abroad. Gordon Clough had three good programmes in the winter about the new Russian revolution, though affairs east of the Baltic change too fast today for more than current comment. The broadcasts of Prime Minister's questions give a picture of parliamentary life that voters should bear in mind when they think about their votes.

On Mondays the Forsytes went on until March, and were followed by other "classic serials" on a smaller scale, some of them notably good, such as *The Mill on the Floss*. Drama in general has set a good average, and is generously provided. A season of prize-winning young writers' plays was disappointing, I thought, as was LBC's selection from the Woolwich Young Radio Playwrights season. Young playwrights are frankly not trying hard enough. It is the fault of radio.

Among memorable programmes was the production of Joyce's *Ulysses* in 16 parts at *11.30 pm. Notable features* have included *Present Imperfect*, where Sir Roy Strong gave his views on architecture, and Brian Redhead's *Against the State*, historic rather than political. There was a useful alarming programme called *Mind the Gap*, about the difficulties parents and their young have in communication. This was sensibly repeated on Radio 4, whose commitment to social affairs continues to be excellent. Dr Steve Jones's Reith *Lectures* on *The Language of the Genes* were enthralling. Radio 5 does not seem to me to have found its feet yet.

Outside the BBC there has been an outburst of new stations of local value, some of which, like Jazz FM, found the desired community less than loyal and had to alter their ways. LBC and Radio Clyde are the only independent stations I know about that *offer drama*; LBC not only gave us the Woolwich Young Playwrights but handy productions of classics in five-minute instalments.

B.A. Young

Chess No 903: 1... Rh1+ 2 Kg3 Rg1+ 3 Kh4 g5+ 4 Kh5 Qxg4+! 5 Kh6(5 hxg4 Rh1 mate) Qh3+ 6 Qh5 Qxf7 wins.

TELEVISION

SATURDAY

BBC1

7.00 Cartoon. 7.25 News. 7.30 Cookooland. 7.55 Opposites Attract. 8.05 Ovide. 8.15 Chucklevision. 8.35 Gravedale High. 9.00 Gone Live! 10.40 Film: Son of Sinbad.

12.12 Weather.

12.15 Grandstand introduced by Bob Wilson. Including 12.20 Cross-Country from County Durham: Preview of this afternoon's races. 12.30 Football: Review of 1991's key moments. 12.55 News. 1.00 Racing from Newbury: The Challow Race. 1.15 Cross-Country: The Women's 4km.. 1.35 Racing: The Mandarin Handicap Chase. 1.50 Ice Hockey: Scotland v England from Murrayfield. 2.10 Racing: The Ladbroke Racing Handicap Hurdle. 2.25 Ice Hockey: *Continued coverage*. 3.50 Football Half-times. 4.00 Cross-Country: Men's 3km and 8.5km races. 4.35 Final Score. Times may vary.

5.10 News.

5.20 Regional News and Sport.

5.25 One to Win Xmas 1991.

5.55 Disney Time. Phillip Schofield presents clips from such classic films as Pinocchio, Bedknobs and Broomsticks, and Mickey's Christmas Carol.

6.35 Jim'll Fix It Christmas Special. Frank Bruno and Ruth Madoc help make a dream come true in Holyhead, Anglesey.

7.15 The Paul Daniels Magic Show. Magical couple Paul Daniels and Debbie McGee conjure up a show of music and dance, with the help *of The Band of the Life Guards* and London's Pearly Kings and Queens.

8.00 Film: Empire of the Sun. A British boy learns to survive after being separated from his parents when Japan invades China at the start of World War Two. Premiere starring Christian Bale, John Malkovich and Nigel Havers (1988).

10.25 News and Sport; Weather.

10.45 Film: Porridge. Feature length spin-off from the British TV series. Prison comedy starring Ronnie Barker (1979).

12.15 Film: Halloween III: Season of the Witch. A maniac plans to murder millions of children on Halloween, using a lethal toy mask. Followed by two sequels. Starring *Tom Atkins and Stacey Nelkin* (1983).

1.50 Weather.

1.55 Close.

BBC2

7.50 Film: Paper Tiger.

9.25 Central Park.

12.15 pm Film: My Brother Talks to Horses.

1.50 Film: My Fair Lady. Professor Henry Higgins transforms a poor Cockney flower girl into a regal lady for the sake of a bet. Classic Oscar-winning musical based on George Bernard Shaw's Pygmalion. Starring Rex Harrison and Audrey Hepburn (1964).

4.35 Candide. Concert version of Voltaire's satirical 18th century novel about hope and disillusionment. Recorded at the Barbican Hall in 1989, featuring the London Symphony Chorus and London Symphony Orchestra, conducted by Leonard Bernstein. Simultaneous broadcast with Radio 3.

7.05 News and Sport; Weather.

7.20 Global Report. A report from Afghanistan on the efforts made by Mujahedin guerrilla leader Ahmed Shah Massud to restore his country to a place of peace.

8.00 Have I Got News for You? Clive Anderson and Harry Enfield join team captains Paul Merton and Ian Hislop.

8.45 The Lost Boys. Second part of Andrew Birkin's trilogy. Arthur Llewelyn Davies (Tim Pigott-Smith) is in hospital, after having *a serious operation. His treat*ment is paid for by JM Barrie (Ian Holm), now a wealthy man thanks to the success of Peter Pan.

10.15 Film: Hail, Hail, Rock 'n' Roll. A profile of rock legend Chuck Berry, including interviews with Eric Clapton, Roy Orbison, The Everly Brothers and Bruce Springsteen. Directed by Taylor Hackford (An Officer and a Gentleman) (1987).

12.10 Film: Hammett. Elegant story of author Dashiell Hammett's involvement with a real-life mystery, the elements of which would find its way into his later stories such as The Maltese Falcon. Directed by Wim (Paris Texas) *Wenders. Starring Frederic For*rest (1983).

1.50 Close.

LWT

6.00 TV Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm The Munsters Today.

1.00 ITN News; Weather.

1.05 LWT News; Weather.

1.10 Saint and Greavsie. Previewing the match between Leeds and Manchester United, and the Merseyside derby between Liverpool and Everton. Plus the best action from the Football League programme on Boxing Day.

1.55 Film: Around the World in 80 Days. A Victorian gentleman and his valet accept a challenge to go around the world in 80 days. Starring David Niven. Featuring a host of cameos from actors including Shirley MacLaine and Noel Coward (1956).

5.00 Results Service.

5.10 ITN News; Weather.

5.15 LWT News; Weather.

5.25 Film: Mary Poppins. A magical nanny teaches two children to enjoy life and help others in Edwardian London. Mixing live action and animation and featuring classic songs. Starring Julie Andrews (1964).

7.55 Stars in Their Eyes Special. Leslie Crowther meets more ordinary people with extraordinary talents.

8.40 ITN News; Weather.

8.55 LWT Weather.

9.00 Film: Police Academy 5: Assignment Miami Beach. The inept cops return to rescue their confused Commandant after he mistakenly picks up an overnight bag filled with a fortune in diamonds and is subsequently kidnapped by jewel thieves. Starring Bubba Smith (1988).

10.40 Amnesty - The Big 30! Jools Holland, Jonathan Ross and Paula Yates host the party.

12.40 Film: Marnie. An employer is so determined to understand his kleptomaniac employee that they become man and wife in an attempt to get to the root of the problem. Starring Sean Connery and Tippi Hedren (1964); ITN News Headlines.

3.00 Film: Murder for Two. Professor Sparaggue moonlights as an amateur sleuth. While on a train, he encounters a beautiful woman involved with a dark secret and subsequently leaps into action. *Starring Michael Nouri* (Flashdance) (TVM 1983).

4.20 Candid Camera.

5.20 Out of Limits.

CHANNEL4

6.00 Early Morning.

9.30 Film: Aaj Ka Robin Hood.(English subtitles). 11.00 American Football - Red 42.

11.30 Pro-Celebrity Golf.

12.30 pm The Cosby Show.

1.00 Really Rosie. Maurice Sendak's cartoon musical for children. Carole King, who also wrote the music, provides the title character's voice.

1.30 Film: Went the Day Well? German paratroopers take over a small village, until the inhabitants rebel. Wartime thriller based on a Graham Greene story. Starring Leslie Banks and Elizabeth Allan (1942).

3.10 A TV Dante. Canto II sees the poet Dante losing his faith. Sir John Gielgud, Bob Peck and Joanne Whalley star.

3.25 Dame Peggy. Interview with the late distinguished actress Peggy Ashcroft, reflecting on a lifetime's work which has spanned over five decades and countless films.

5.10 Brookside.

6.30 News Summary.

6.35 Holy Spirits. An entertaining look at the monastic drinks business, a religious tradition as old as Christianity itself. With Tom Conti.

7.05 Film: The Third Man. A writer discovers that an old friend is dealing in drugs on the black market. Classic Graham Greene spy thriller set in post-war Vienna, with Orson Welles and Trevor Howard (1949).

9.00 Best of Friends. Offbeat drama centring on the literary friendship between George Bernard Shaw, a nun, and the director of a museum. Patrick McGoohan, Sir John Gielgud and Wendy Hiller star.

10.40 American Football.

12.35 Film: The Secret Policeman's Third Ball. Furious mix of comedy and music, which follows in the footsteps of its two predecessors. Lenny Henry, John Cleese, Lou Reed, Ben Elton, the Spitting Image puppets and Joan Armatrading are among those to appear (1987).

2.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
12.30 A Country Ways Christmas. 1.05 Anglia News. 5.15 Anglia News and Sport 8.55 Regional Weather.

BORDER:
1.05 Border News. 5.15 Border News and Weather 10.40 The Granada Match. 11.35 Amnesty - The Big 30!

CENTRAL:
1.05 Central News 5.15 Central News

CHANNEL:
12.30 Blockbusters. 1.05 Puffin's Magic Christmas. 5.15 Channel News.

GRAMPIAN:
12.30 Beathaichsan Neontach. 1.05 Grampian Headlines 5.15 Grampian Headlines 10.40 Island Son. 11.35 Amnesty - The Big 30!

GRANADA:
12.30 Stars of Tomorrow '91. 1.05 Granada News 5.15 Granada News 10.40 The Granada Match. 11.35 Amnesty - The Big 30!

HTV:
12.30 Superman. 1.05 HTV News. 5.15 HTV News and Sport.

HTV Wales as HTV except:
No variations.

SCOTTISH:
1.05 Scotland Today. 5.00 Scotsport Results. 5.15 Scotland Today. 8.55 Scottish Weather.

TSW:
12.30 The South West Week. 1.05 TSW News. 5.15 TSW News. 8.55 TSW Weather.

TVS:
12.30 Blockbusters. 1.05 TVS News. 5.15 TVS News.

TYNE TEES:
12.30 Riverside. 1.05 Regional News. 5.15 Northern Life Sport Special. 10.40 Kojak. 11.35 Amnesty - The Big 30!

ULSTER:
12.30 Community Games National Finals '91. 1.05 Ulster Newstime 5.15 Ulster News and Sport 10.40 The Granada Match. 11.35 Amnesty - The Big 30!

YORKSHIRE:
12.30 Katts and Dog. 1.05 Calendar News. 5.15 Calendar News. 8.55 Local Weather.

S4C Wales as Channel 4 except:-
9.30 Jelfin. 10.00 The Adventures of Tom Sawyer. (1938) 11.20 Cirque Du Soleil. 12.45 American Football - Red 42. 1.15 Belgica Magica. 3.10 International Yacht Racing. 4.10 Ray of Hope. 6.25 Palles. 6.30 Little Match Girl. 7.00 Newyddion Nos Sadwrn. 7.20 Bacha Hi O 'Ma. 8.05 Dr Elen. 9.00 Desmond's. 9.30 Rising Damp. 10.00 Tocyn Tymor.

SUNDAY

BBC1

7.40 Film: The Lemon Drop Kid. 9.10 News. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 See Hear!

10.30 Film: Captain Horatio Hornblower. based on CS Forester's 19th century hero who outwits the Spaniards and the French and marries his admiral's widow. Starring Gregory Peck and Virginia Mayo (1951).

12.25 Last of the Summer Wine. Compo and Clegg aren't impressed when Foggy buys himself a bleeper. Christmas edition of Roy Clarke's Yorkshire comedy.

12.55 Weather.

1.00 News.

1.05 Omnibus. Bladerunners offers a profile of Britain's Torvill and Dean, including extracts from their popular routines Mac and Mabel, and Bolero.

2.00 EastEnders.

3.00 Film: The Big Country. Grand western about the Terrills and the Hannasseys who fight over water rights with peace only ensured by the deaths of the head of each *family. Starring Gregory Peck* and Jean Simmons (1958).

5.40 Antiques Roadshow. New series. Hugh Scully leads the experts on a new search for hidden treasures.

6.25 News.

6.40 Songs of Praise. Ian Gall joins Christians from towns and villages in Norfolk.

7.15 Auntie's Bloomers. Calamities and catastrophes from five decades of broadcasting.

8.05 Miss Marple: They Do It With Mirrors. Elderly Miss Marple answers a plea from a childhood friend and finds herself involved in a bizarre murder mystery. Joan Hickson plays Agatha Christie's famous sleuth, with guest stars Jean Simmons and Joss Ackland.

10.00 News and Weather.

10.15 Everyman. A Tibetan monk searches for, and eventually finds, the reincarnation of his spiritual master who has been dead for four years.

11.05 Film: Are You Being Served? The staff of Grace Brothers clothing department go on a riotous holiday to the Costa Plonka and become involved in a sudden revolution. Comedy starring John Inman and Frank Thornton (1977).

12.35 Weather.

12.40 Close.

BBC2

7.25 But First This On Two; Tales of a Wise King and the Devil.

7.30 Hallo Spencer.

7.55 Playdays.

8.15 Two by Two.

8.30 Telling Tales.

8.45 Babar.

9.10 Blood and Honey.

9.30 Defenders of the Earth.

9.50 Jacks and the Beanstalk.

10.15 Thundercats.

10.40 Strangers.

11.05 Boxpops.

11.45 The O-Zone.

12.00 Preston Sturges: The Rise and Fall of an American Dreamer.

1.15 Film: Hail the Conquering Hero. On returning to his home town, a frail Army reject is mistaken for a hero. Acclaimed comedy, starring Eddie Bracken and William Demarest, directed by Preston Sturges (1944).

2.50 Animation Now.

3.00 Mefistofele. Beginning a new opera season with this performance of Arrigo Boito's *Mefistofele* from the San Francisco Opera, conducted by Maurizio Arena. Starring Gabriela Benackova, Dennis O'Neill and the renowned American bass Samuel Ramey. Simultaneous broadcast with Radio 3.

5.40 Rugby Special. Leicester v The Barbarians.

6.40 Dusk the Badger. A male badger lives a contented life in his woodland estate - until humans intrude. John and Simon King follow his story.

7.25 Gala from the Met. Opera extracts from Verdi's Rigoletto, Strauss's Die Fledermaus and Verdi's Otello, are performed to *celebrate the 25th anniversary of* The Metropolitan Opera, New York. Heading casts of globally acclaimed opera stars are Luciano Pavarotti and Placido Domingo.

10.15 Film: White Mischief. Premiere. A British colony living in Kenya's Happy Valley during the early days of World War Two is shattered by lust, betrayal and murder. Starring Charles Dance and Greta Scacchi (1988).

12.00 Performance. The Pet Shop Boys in a concert.

1.05 Close.

LWT

6.00 TV Am. 9.25 Disney Club. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.

1.10 Film: Disney's Dumbo. Peerless animated classic (1941).

2.20 Film: Carry On Spying. Kenneth Williams, Barbara Windsor and Bernard Cribbins head the cast of regulars (1964).

3.50 The Match. Elton Welsby is the host at Elland Road as Leeds take on Manchester-Utd. The two teams are leading the Football League title race. This game could be crucial to the final outcome.

6.00 Bullseye.

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 Highway. Sir Harry Secombe and guest Sandy Gall visit. Sir Harry talks to the Duke of Roxburghe in and meets Scottish rugby star John Jeffrey.

7.15 You've Been Framed! Christmas Special.

7.45 Classic Coronation Street.

8.45 ITN News; Weather.

9.00 LWT Weather.

9.05 Agatha Christie's Poirot: The Theft of the Royal Ruby. Poirot is looking forward to Christmas alone. However, the Foreign Office have a new interpretation of Season's Greetings.

10.05 Julie Walters and Friends. An hour of fun and entertainment with the comedienne, including material written for Julie by Victoria Wood, Alan Bennett, Willy Russell and Alan Bleasdale.

11.05 Arts Review of the Year. Melvyn Bragg presents The South Bank Show's celebration of the very best in the arts this year. Including award-winning musical Carmen Jones, John Sessions, and Ariel Dorfman's highly-acclaimed play, Death and the Maiden.

1.05 Film: Vertigo. An ex-detective with a fear of heights is hired to follow the wife of an old friend who fears she may try to commit suicide. Hitchcock thriller starring James Stewart and Kim Novak (1958); ITN News Headlines.

3.30 Film: The Gauntlet. Clint Eastwood stars and directs this tale of a cop transporting a hooker to trial despite the protests of a group of corrupt officials. Featuring an explosive (1977).

5.20 Adventure.

CHANNEL4

6.00 Early Morning.

9.25 Sesame Street.

10.25 Uncle Elephant.

11.00 The Cosby Show.

11.30 The Lone Ranger.

12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Film: The Fallen Idol. An ambassador's young son nearly incriminates his best friend in the accidental death of his wife. Starring Ralph Richardson (1948).

3.40 A TV Dante. In Canto III, Dante, accompanied by Virgil, arrives at the Gates of Hell. With Sir John Gielgud.

3.55 Film: Looking for Miracles. Two boys go on a journey of self discovery in an American summer camp during the 1930s. Period drama starring Greg Spottiswood and Zachary Bennett (TVM 1990).

5.55 News Summary.

6.00 Film: Confidential Agent. An agent from Franco's Spain comes to England in the late Thirties to make an arms deal, but ends up falling in love with a rich man's daughter. Starring Charles Boyer (1945).

8.10 Alternative Fringe.

8.15 American Football. Mick Luckhurst presents extended highlights as four more teams attempt to fight their way to the Superbowl.

10.00 A Very Russian Coup. Jon Snow reports on the coup that overthrew Mikhail Gorbachev in August. Gorbachev survived, but was he responsible for the coup in the first place?

11.05 Film: Monty Python Live at the Hollywood Bowl. John Cleese, Michael Palin, Eric Idle, Terry Gilliam, Terry Jones and the late Graham Chapman invade Los Angeles with a series of madcap sketches and routines (1982).

12.35 Gray Clay Dolls. Thriller, starring Ronald Pickup.

1.05 Aly Meets the Cajuns.

2.05 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
12.30 Goals Galore. 12.55 Anglia News. 6.35 Anglia News.

BORDER:
12.30 Gardening Time. 12.55 Border News. 6.35 Border News.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 6.35 Central News 9.00 Local Weather.

CHANNEL:
12.30 Reflections. 12.33 The Munsters Today. 6.35 Channel News.

GRAMPIAN:
12.30 Regent's Park - The Jewel in the Crown. 12.55 Grampian Headlines. 2.20 Cartoon Time. 3.05 30 Glorious Years. 4.35 Animal Country. 5.00 Scotsport Review of the Year. 6.35 Grampian Headlines

GRANADA:
12.30 Dr Seuss on the Loose. 12.55 Granada News 2.20 Christmas on Coronation Street. 6.35 Granada News

HTV:
12.30 West Country Farming Review. 12.55 HTV News 6.35 HTV News

HTV Wales as HTV except:
No variations.

SCOTTISH:
12.30 Glen Michael's Cartoon Cavalcade. 12.55 Scotland Today. 2.20 A Night in Casablanca. (1946) 3.55 Kiri at Christmas. 4.55 Winter on Scottish. 5.00 Scotsport Review of the Year. 6.00 The Tall Ships Race. 6.35 Scotland Today.

TSW:
12.30 The Munsters Today. 12.55 TSW News. 6.35 TSW News. 9.00 TSW Weather.

TVS:
12.30 TVS News. 12.33 The Munsters Today. 12.58 TVS Weather. 6.35 TVS News.

TYNE TEES:
12.25 Northern Life Review '91. 12.55 Regional News. 2.20 Beadle Compilation. 3.05 Taffy's Tale. 3.35 The Back Page.

ULSTER:
12.30 1991 Liffey Descent. 12.55 Ulster Newstime 2.20 Christmas on Coronation Street. 6.35 Ulster News and Sport 9.00 Ulster Newstime

YORKSHIRE:
12.25 Goals on Sunday. 12.50 Calendar News 2.20 Monster Trucks: Racing to the Finish. 2.55 Circus. 6.35 Calendar News. 9.00 Local Weather.

S4C Wales as Channel 4 except:-
9.25 Sesame Street. 10.25 Palles. 10.30 Granpa. 11.00 Voyage to the Bottom of the Sea. 1.00 The Crystal Maze. 2.00 Opera - The Marriage of Figaro. 5.10 Lle Nels I Blant? 6.40 Pobol Y Cwm - Nadolig. 7.05 Newyddion. 7.15 Bwrw'r Sul. 8.15 Hel Straeon. 8.45 Dechrau Canu Dechrau Canmol. 9.15 Traed Mewn Cyffion. 10.15 American Football 91-92.

RADIO

SATURDAY

BBC RADIO 2

6.00 Graham Knight. 8.05 The Million-Selling Singles of the Sixties and Seventies. 10.00 Sarah Kennedy. 12.00 Gyles Brandreth. 1.00 Are You Sitting Comfortably? 1.30 The Stan Freberg Show. 2.00 Ed Stewart. 4.00 The Great Musicals. 4.30 Conti's Choice. 5.30 The New Year Movie Quiz. 6.00 Bob Holness Requests the Pleasure. 7.00 Jazz Score. 7.30 Let There be Peace on Earth. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 The Million-Selling Singles of the Sixties. 1.00 Night Ride. 4.00 David Allan

BBC RADIO 3

6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 New London Orchestra.
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 Mozart.
2.40 BBC Scottish Symphony Orchestra.
3.45 Jazz Record Requests.
4.35 Candide.
7.05 Between the Shows.
7.40 From Guitry to Godard.
8.35 Sir Andrzej Panufnik (1914-1991).
9.25 Jacob Handl.
10.00 A Growing Legacy.
11.15 Brahms and Schumann Op 1.
11.55 Christmas in Lebanon.
12.00 News.
12.05 Close.

BBC RADIO 4

6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Something Borrowed, Something New.
11.00 News; Classic Serial.
12.00 The Board Game.
12.25 *News Quiz of the Year.*
12.55 Weather.
1.00 News.
1.10 With Great Pleasure.
1.55 Shipping Forecast.
2.00 News; Little Blighty on the Down Christmas Special.
2.30 Saturday Playhouse.
4.30 The Art of Travel Writing.
5.00 A Rose is a Rose is a Rose.
5.25 Walter's Winterwonderland.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-up.
6.25 Year Ending.
6.50 Ad Lib.
7.20 Kaleidoscope with Woody Allen.
7.50 Classic Serial.
8.50 Masterbrain.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Captain Pepper's Autograph Album.
11.00 And Now, in Colour - Christmas Special.
11.30 The End of the Road Show.
12.00 News; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 Newsdesk.
6.30 Morning Edition.
9.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
6.00 News.
6.05 *Six-O-Six.*
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Sport.
12.10 Close.

WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:

6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; Twenty-four Hours live; News summary. 7.30 Even Grimmer Tales 1. 7.45 The Mozart Phenomenon. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide. 9.15 Even Grimmer Tales 2. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics Special. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sports Review of 1991. 3.00 News. 3.15 Sportsworld continued. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld: final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.38 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News. 10.05 Short Story: Climbing Kiball. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play of the Week: Charley's Aunt. 2.00 Newsdesk. 2.30 The Birth of the Big Band. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From our own Correspondent. 3.50 Write on. 4.00 Newsdesk. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2

6.00 Graham Knight. 7.30 Don Maclean says Good Morning Sunday. 9.05 Richard Baker. 11.00 Desmond Carrington. 2.00 Cole Porter's 100th from Carnegie Hall. 4.00 The Great Musicals. 4.30 Sing Something Simple. 5.00 Charlie Chester's Chester Show. 7.00 Brentwood Pops. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 The Million-Selling Singles of the 70s. 1.00 Colin Berry with Night Ride. 3.00 A Little Night Music. 4.00 Alex Lester

BBC RADIO 3

6.55 Weather; News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Seasonal Bach.
9.15 Sounding Brass.
10.15 Music Weekly.
11.00 From the Proms 1991.
12.45 Table Talk.
1.00 News.
1.05 Your Concert Choice.
2.30 The Virtuoso Viol.
3.00 Mefistofele.
5.40 Brahms and Schumann Op 2.
6.30 Jesu, My Joy.
7.30 Sunday Play.
10.00 Jacob Handl.
10.30 BBC Symphony Orchestra.
11.00 John Donne: Songs and Sonnets.
11.20 Boccherini and Paganini.
11.55 Christmas in Lebanon.
12.00 News.
12.05 Close.

BBC RADIO 4

6.00 News.
6.10 Prelude.
6.30 News; Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 *Letter from America.*
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Christmas at the Wells.
4.00 Queen Victoria's Last Exotic Friendship.
4.47 The Great Bug Hunt.
5.00 News; Coastline.
5.40 Personal Obsessions.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News.
6.15 The Village.
6.30 Best Behaviour.
7.00 Talk About the Past.
7.30 *Screaming Silence.*
8.00 With Great Pleasure.
9.00 On the Hour.
9.30 Hunting the Elephant Bird.
9.59 Weather.
10.00 News.
10.15 Damn, Damn, Damn, the Communist Party Man.
11.00 Out of Order Christmas Special.
11.30 Seeds of Faith.
11.45 Before the Ending of the Day.
12.00 News and Weather.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 Newsdesk.
6.30 Meridian Reports.
7.00 News and 24 Hours.
7.30 Sunday Edition.
9.00 In the News.
10.00 News and Sport; Thick Clothes and Thin Air.
10.30 National Youth Jazz Orchestra.
12.05 Ring a Winner.
1.40 Open University: Open Forum.
2.00 News and Sport; Sunday Best.
2.30 Review of the Sporting Year.
3.30 Football Extra.
6.05 Mission Investigates.
6.30 Swallows and Amazons: Part One.
7.00 Sports Bulletin.
7.15 Euromix.
8.00 Walter, There's a Fly in my Gazpacho.
8.30 Sleeping with the NME.
9.30 Dragnet.
10.00 Sport.
10.10 Across the Line.
12.00 News and Sport.
12.10 Close.

WORLD SERVICE

6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; Twenty-four Hours; News summary. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith. 8.15 Music With Matthew. 9.00 News; Business Review of the Year. 9.15 Short Story: Climbing Kiball. 9.30 The Best Of British. 9.45 Sports Roundup. 10.00 News; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. *12.00 Play of the Week:* Charley's Aunt. 1.00 Newshour. 2.00 News Summary. 2.01 A Host of Angels. 2.30 Real World Music. 3.00 News. 3.15 The Mozart Years. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German; German Features. 5.00 News and Business Review. 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 News and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Folk in Britain. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Business Review of the Year. 11.15 Letter From America. 11.30 A Host of Angels. 12.00 Newsdesk.

BRIDGE

My hand today,which comes from duplicate pairs, is an interesting study in trump control:

N
♠ 8 7 5 4
♥ Q 7 6
♦ 10 6 5 2
♣ J 4

W
♠ Q J 9
♥ 10
♦ A K J 9 8 3
♣ Q 10 7

E
♠ 10 6 3
♥ A J 5 3
♦ Q 7 4
♣ 6 3 2

S
♠ A K 2
♥ K 9 8 4 2
♦
♣ A K 9 8 5

With both sides vulnerable North dealt, South opened the bidding with one heart, and West overcalled with two diamonds. This was passed up to South, who doubled. West persisted with three diamonds, but South, refusing to give up, competed with four clubs, and North's preference bid of four hearts closed the auction.

West led the diamond ace. Ruffing in his hand, declarer led the four of hearts, West produced the 10, and dummy's queen lost to the ace. East returned the queen of diamonds, and South discarded his two of spades – an essential move. West's rebid of three diamonds convinced South that West had a six-card suit. He saw that by this loser-on-loser play he could strip his right hand opponent of diamonds. When East returned his last diamond, South ruffed, cashed ace, king of clubs, ruffed a club on the table, and led dummy's last trump, finessed his nine, and cashed the king. This left East with the one outstanding trump. Now declarer proceeded to run his established clubs. East ruffed the first one, but thanks to South's intelligent play had *no diamond to return.* He switched to a spade, but the declarer took the rest of the tricks to deliver the contract. He lost just three tricks – diamond queen and two hearts.

Good card reading, and fine technique.

E P C Cotter

CHESS

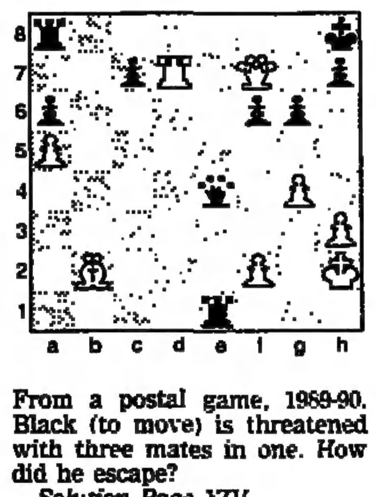
THE FIRST Duncan Lawrie English championship, the strongest ever UK tournament, *almost* coincided with the last championship of the Soviet Union which has dominated international play for 40 years. By the June 1992 chess olympics in Manila there should be separate teams for Russia, the Ukraine and Byelorussia. England are likely to be No 1 seeds with real chances for the gold medals which narrowly eluded them more than once during the 1980s.

In last week's final Nigel Short beat Michael Adams,who succumbed only in a speed chess play-off following a 2-2 tie at normal time rates.

Apart from Vishy Anand of India, Short and Adams are the only credible contenders for Gary Kasparov's world title who are of non-Soviet birth. Adams ranks behind Gata Kamsky of the US and Alexei Shirov of Latvia in his own age group, but that could change if he again does well in the Foreign & Colonial Hastings Premier which starts today (M Adams, White; N Short, Black; French Defence: Duncan Lawrie English championship final 1991, 1st game).

1 e4 e6 2 d4 d5 3 Nd2 c5 4 exd5 exd5 Adams is the world specialist against 4 . . . Qxd5. 5 Ngf3 Nf6 6 Bb5+ Bd7 7 Bxd7+ Nbxd7 8 0-0 Be7 9 dxc5 Nxc5 10 Nd4 Qd7 11 N2f3! Adams is revitalising the 3 Nd2 French which used to be considered safe for Black. In earlier games White chose the less effective N2b3 and Qf3. 0-0 12 Bf4 Rfe8 13 Re1 Nce4 14 Ne5 Qd8 15 Nd3 Rc8 16 c3 Bf8 17 Qb3 Nh5 18 Bg3 Nhxg3 19 hxg3 Qd7 20 Rad1 Rcd8 21 Nf3 Qc8 22 Re2 Nc5 23 Qc2 Rxe2 24 Qxe2 Ne4 Black should try Ne6 or Nxd3, although White would mass pieces against the isolated d5 pawn, meet d5-d4 by c3-c4, and march his Q-side majority. Short prefers active play which creates decisive weaknesses. 25 Qc2 g5?! 26 Nd4 Bg7 27 Nb4 f5? 28 Qd3 Kh8 29 Qf3! White wins one of the pawns. a5 30 Nbc2 Rf8 31 Ne3 Bxd4 32 Rxd4 f4 33 Nxd5 Nc5 34 gxf4 Ne6 35 Qe4 gxf4 36 Ne7 Resigns

CHESS No 903



From a postal game, 1989-90. Black (to move) is threatened with three mates in one. How did he escape?

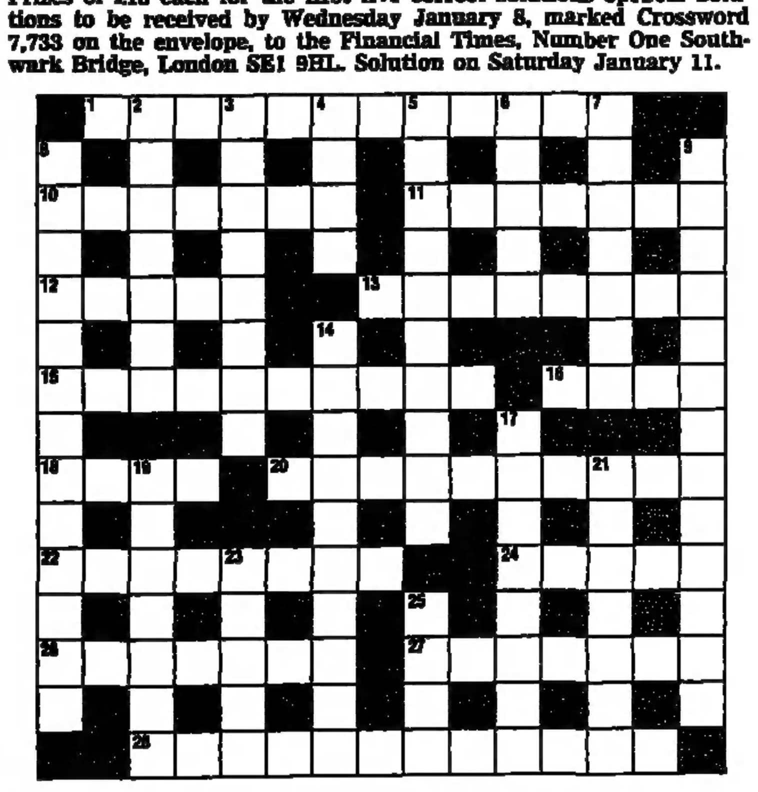
Solution Page XIV

Leonard Barden

CROSSWORD

No. 7,733 Set by CINEPHILE

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday January 8, marked Crossword 7,733 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 11.



Name.................................

Address.................................

ACROSS

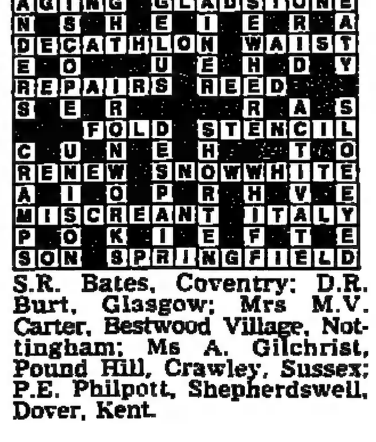
1 Anointed believers in South Island (12)
10 Surrounding men a bit peculiar (7)
11 Sand on sound in South Island (7)
12 Orwell's name for second retreat (5)
13 Please look, or return so sadly (8)
15 Loud protest at port getting sailor a toilet (10)
16 Check front of boat (4)
18 Architectural feature, split when a favour follows (4)
20 Premier general in North Island (10)
22 Follower of bishop in North Island (8)
24 Wine for compiler and physician (5)
26 Locally established mice twisted tail first (7)
27 Object of lucky strike finds company in unusual trend (3.4)
28 Messenger in medium wave changed rule about last root (12)

DOWN

2 Goblin with fingertip guard to boot (7)
3 Compiler cries aloud at cold sweet (3,5)
4 Archbishop's skirt? (4)
5 Spa building frustrates craft (10)
6 Music with refrain right on note (5)
7 Retreat could be ugly with end changed (7)
8 Large bottle containing hydrogen with deuterium is fit for sugar and starch (13)
9 Confined solely, with curtailed revenue, to German city *almost before trouble* (13)
14 New cleaner needed after flap for chapel (10)
17 Not Maria, possibly Disney? (8)
19 Cain or Abel on the road? (7)
21 Young creature died on river in story (7)
23 Fruit of the spirit with 50 for 500 (5)
25 *Be familiar with present monarch?* (4)

Solution to Puzzle No.7,732

Solution and winners of Puzzle No.7,724



S.R. Bates, Coventry; D.R. Burt, Glasgow; Mrs M.V. Carter, Bestwood Village, Nottingham; Ms A. Gilchrist, Pound Hill, Crawley, Sussex; P.E. Philpott, Shepherdswell, Dover, Kent.

Time to face the muzhick

***Dominic Lawson** on what Tolstoy says to Yeltsin*

He saw that Russia possessed splendid soil and splendid labour and that in certain cases the men and the land could produce abundantly; but that in the majority of cases, where capital was expended in the European fashion, little was produced and that this happened simply because the labourers were willing to work, and work well only in the way natural to them, and that their resistance was not accidental but invariable, having its roots in the spirit of the people.

This, at least, was Tolstoy's opinion in the mid-1870s, as expressed by the Tolstoyan landowner, Levin, in *Anna Karenina*.

Tolstoy was writing soon after the emancipation of the serfs and it is tempting to draw a comparison with the later emancipation of the *muzhicks* (peasants) of collectivised agriculture which it is said, will take place in Boris Yeltsin's Russia.

The serfs, sad to say, did not have much time to prove that they could cope with freedom. The Bolshevik revolution took place less than 50 years after the emancipation of the serfs. I imagine there were many thousands of Russians whose careers on the land bridged both events.

Tolstoy was not convinced that the Russian character was well suited to European concepts of the liberty of the individual. When Levin tries to liberate his own farm labourers and give them equity in their own land they seem curiously unwilling and fearful of the responsibility: "The cowman, Ivan, seemed to grasp Levin's proposal to let him and his family have a share in the profits from the dairy farm and thoroughly approved of the plan. But when Levin hinted at the *benefits that would accrue to him* in the future a look of anxiety and regret . . . appeared on Ivan's face . . . Moreover, the first and indispensable condition that the peasants insisted on in any new arrangement was that they should not be compelled to adopt any new methods or use any new kinds of agricultural machinery."

Levin soon comes to sympathise with the words of an irascible old landowner: "emancipation of the peasants has been the ruin of Russia! . . . We landowners, under serfdom, applied various improved *methods of farming* . . . which we introduced because we had the power, and the peasants resisted at first and afterwards copied. Now that serfdom has been abolished and authority taken out of our hands our husbandry is bound to sink back again to the most savage and primitive condition . . .The Russian worker understands one thing only – how to drink like a hog."

Has the character of the Russian worker changed so much that Yeltsin will succeed in pushing through reforms which Gorbachev, with the power of an appointed dictator rather than an elected, here today, gone tomorrow politician, failed to do?

It does seem that Yeltsin was propelled to power not by a great wave of popular yearning for democracy and individual liberty but rather by the negative desire to *get rid of a* man who had brought economic confusion and chaos. Yeltsin was just the only man – apart from the coup leaders – brave enough to offer himself as an alternative.

We must respect Yeltsin's right to rule, since he has put himself to *the Russian people* and been freely elected and in this he has innovated successfully where Gorbachev feared to tread.

But my hunch is that Yeltsin is more *dictatorial* than Gorbachev, more in the traditional mould of the Russian autocrat, more in sympathy with Tolstoy's irascible old landowner. Perhaps, indeed, that is why he is so popular with the Russian people. So are we all doomed to tread the same path of nationally stereotyped behaviour? The Georgians, *for example*, seem to be continuing as they left off as an independent nation – cutting each other's throats. And what of the nation, newly unified, on the borders of the old Soviet empire?

The White House and Downing Street are busy guessing what Yeltsin's finger on the nuclear button means. Perhaps they should stop worrying about the new Russia and turn their attention from Yeltsin's nuclear intentions to the new Germany: that is, if Tolstoy was right about the importance and unchangeability of national character.

■ *Dominic Lawson is editor of The Spectator.*

Private View

An egalitarian takes control in the opera house

*Sian Edwards will be the next musical director of the English National Opera. She tells **Christian Tyler** about her career*

SIAN EDWARDS showed from the first that she was not going to do just girlish things. At the age of 11 she took up the French horn, a notoriously difficult instrument once considered too demanding for women.

Arriving at her second school, Oxford High, she discovered that the headmistress was also a horn-player. Mary (now Baroness) Warnock had, however, given it up and was glad to sell her machine. "So I started off on this rather nice instrument which had a huge case and very violent pink plush interior."

Edwards grew up in West Sussex with two younger sisters, Claire and Briony, and no brothers to condition her choices. Nor did her parents – her father is a businessman, her mother a speech therapist – *have fixed ideas about what little* girls ought to do in life.

There was a piano in the house, left over from a family furniture business. Sian took lessons with an elderly lady in Pulborough, but her ears were really opened by school trips to hear symphony concerts in London.

It was the beginning of a road that led her first to Covent Garden, *where she was the first woman ever* to wield the baton, and now to her startling appointment as musical director of the English National Opera, where she starts with *La Bohème* in 18 months' time.

Edwards is only 32 and comes from a generation of schoolchildren that enjoyed generous government funding for music. There was a surplus of wind players for the school *orchestra and that gave her the idea* of forming an eight-piece dance band. She arranged the numbers to suit each girl's ability and she picked up a stick to conduct them. Later, at music college, while ostensibly training to be a professional horn player, she formed another group. Her conducting career had begun.

Edwards' generation is probably also the first to realise that music is an art without gender.

Indeed, unisex is Edwards' style. She dresses like a student, in loose shirt, blue jeans and ribbed-sole boots. She wears owlish spectacles. But there is nothing mannish about her. She has the beautiful pale complexion that goes with red hair; a soft outline and plump hands. For all her casual, matter-of-fact manner it is quite easy to imagine her – as one musical admirer already has – dolled up and doing a *Madonna in the pit*.

Furthermore, she is a mother. The baby, called Finn after the *legendary Irish warrior Finn MacCool*, is six months old. Edwards lives with but is not married to the baby's father, Ian Kemp, a musicologist who specialises in Berlioz, Hindemith, Weill and Tippett.

Her taste in music, as in marriage, is egalitarian. I asked her what she liked.

"I've always been drawn to jazz, the first real music other than classical.

"When I was a kid I think I was incredibly musically snobbish. The Beatles were in their heyday but I thought Mozart and Bach were *It* and anyone who could sing She Loves Me, Yeah, Yeah, Yeah, must be out of their minds. I've changed my ideas now."

*She mentioned reggae, and vocal*ists such as Tina Turner. I asked what it was about Tina Turner she liked.

"She's somebody who's fought for every part of her life and her songs have got incredible force because of that. And she's also a very thrilling performer on stage."

Can you put up with the banality of other pop music?

"It depends. I sometimes try it and find it interesting for about 10 minutes and then it's noisy and banal. A lot of musicians find this – I'm not just talking about classical musicians.

"Electronics are becoming so dominant that you do get this bland, homogeneous, very articu*late and accomplished sound* – but then nothing happens. I'm not against synthesisers but they need to be an extension of what people can do."

We discussed musicals. Edwards described *The Sound of Music* as "one of the great influences of my childhood". She also singled out *West Side Story* (written, of course, by a "classical" composer) and Gershwin's *Porgy and Bess*. "It comes as high up my list as any of the great early operas."

What do you think about popularising classical music?

"You mean Nigel Kennedy? I really admire Nige for what he has done. He has brought off the most incredible act, I suppose, and I think he's also a very good violinist. But I do think also he's a one-off."

Whether there was an unspoken "thank God!" at the end of that remark, I could not tell.

I asked how consciously she would try to widen the audience for serious opera. Edwards said she was *shocked that people still felt barred* from classical music, when, for example, Verdi's operas were written with everyone's enjoyment in mind.

Is that because the rich and successful regard classical music as their property? I asked.

"I know what you're saying. An opera house can exemplify the class system: areas of splendour for the moneyed and plain for everybody else.

"But opera houses have realised they must have audiences and these extremely moneyed people with their mink coats are not going to fill the house every day of the week."

Edwards already has some idea of what she wants to do at the Coliseum, *one of the largest auditoriums* in Europe with its 2,358 seats. The orchestra having been brought to a *high pitch by the present music* director, Mark Elder, she will work more on the singing in order to bring out what she calls the warmth and latent drama of opera.

She hopes to nurture more young singers in the studio, experimenting with vocal style and preparing them for the big house. She named Mussorgsky as a composer she would like to stage – not surprisingly, since she spent two years as a trainee conductor in Leningrad, under one of the best conductor-teachers in the world, Prof. Ilya Alexandrovich Musin.

Another of her ambitions – she expressed it tactfully – is to encourage modern composers to write better for the stage.

You mean so that opera can be brought up to date instead of rely*ing on old favourites or travesties of* old favourites?

"Yes, absolutely . . . that kind of thing. Something that does perturb me is when you get composers writing works which, of course, they feel very deeply but which seem to have no real relevance to anything.

"Helping composers to write for the voice, if that's what interests them, would interest me enor*mously. I do think that new writing* is essential. When Verdi was writing, or Gershwin, if something didn't work in the theatre they would go away and write another number."

By this time I felt it was a bit cheeky to raise the question of sex in music, a topic which Edwards so obviously regards as irrelevant. But she was ready to answer and agreed *that the shortage of women conduc*tors could be explained mainly by the lack of example.

Have you had to work harder to impose your authority on old buffers in order to overcome their biological resentment?

"I've been surprised. Where I thought people would have been difficult they have been very supportive, and the other way round.

"Some of the old buffers you talk about have been the nicest and most supportive and also the most willing to give me the benefit of the doubt. Whereas sometimes it's people of my own age who I find a bit *harder. You* then have to really show them you can cut ice.

"I see conducting as a very specific job. Orchestral players have their job, an oboist or viola player or whatever, and I have my job.

"I have to come with a vision of the whole score, not just knowing where it's staccato and legato and all that. That's detail written in the parts. It's the bigger concept or vision of what the piece might be. *That's my work and that's what I'm* paid for."

Did you never have difficulties arising from the fact of being a woman? I persisted.

"It's so subjective. I can't say I've ever had them. What I would say is that I have had difficulties because I am young, difficulties that I have created for myself because I haven't known how to approach players and difficulties because they didn't have *confidence in what I've been doing.*

"But that's already quite a long time ago, now. I have been more pleased with my most recent work. It must have something to do with being Thirtysomething. I feel now I do have knowledge of my job as a professional, and the youth thing . . . Well," she laughed, "it's fading away, you know."

Trevor Humphries

The first giant quiz of 1992

Michael Thompson-Noel

THE NEWSPAPERS have been full of Christmas quizzes. But haven't they been dull?

This is because most of them were based on the events and *personalities of 1991. So here is a* better class of quiz altogether, based on the events and personalities of 1992.

There are prizes to be won. The first prize is lunch with Christian Tyler. Second prize: lunch with Christian Tyler *and* Dominic Lawson. Third prize: lunch with Christian Tyler, Dominic Lawson, Barry Riley, Jancis Robinson and Philip Coggan.

Believe you me, you wouldn't want to win third prize, so *concentrate on the first or second* prizes. But understand this: bonus marks will be awarded for handwriting, quality of stationery and anything else that comes to mind during the judging phase. And several of the questions are trick questions. Jolly good, then. Off we go:

1) In his March 1992 budget, did *Norman Lamont, then chancellor of* the exchequer, describe the UK economy as:

a) "Motoring gently among the foothills of recovery"?

b) "Displaying exciting growth potential"?

c) "Accelerating skywards at a truly astonishing rate"?

HAWKS & HANDSAWS

2) John Major is now shadow Transport secretary. Has he promised to get Britain moving again by:

a) 2001?

b) 2031?

c) "As soon as is realistically practical under the evolving circumstances"?

3) When Neil Kinnock entered No 10 Downing Street as prime minister, did his speech on the doorstep last:

a) 17 minutes?

b) One hour 24 minutes?

c) Five hours 32 minutes?

4) What is Norman Lamont doing now?

5) Who said this on the first day of the new parliament:

"Mr Speaker, the economic mess I have inherited is a diabolical disgrace and an affront to human decency. I am launching an immediate inquiry to probe into the whole shocking scandal"?

6) Where is Mikhail Gorbachev?

7) Where is George Bush?

8) And what did Margaret Thatcher say that led to their dramatic redeployment?

9) Virginia Bottomley is now secretary-general of the UN. Is this:

a) A good thing?

b) A tremendously bad thing?

c) Exceedingly hard to tell?

10) 1992 has produced a roller-coaster ride for world stock markets. To within 15 points, did London's FT-SE 100 index touch:

a) 1,200?

b) 375?

c) 3,800?

d) 16,010?

(Multiple answers acceptable).

11) Gold is now cheaper than sugar, which is four times cheaper than – what?

12) At the Olympic games in Barcelona, what happened when Kazakhstan, Belorussia and the *Ukraine clashed in the same heat of* the men's 4 x 100 metres relay?

13) What did a Cuban marathon runner say to a Chinese discus-thrower which, when repeated in the hearing of a South African long-jumper, helped propel him, such was his fury, to a new world record? Was that record:

a) 33 ft 9 ins?

b) 34 ft 10¼ ins?

c) 57 ft 4⅛ ins?

14) Quite apart from the Olympics, this has been a violent year for international sport. Which two countries fought:

a) The Great Soccer War?

b) The Great Polo War?

c) The Great (and continuing) Roller-Hockey War?

15) England's Paul Gascoigne was involved in two of these conflicts. Which ones?

16) Media: who is the new editor of the *Daily Mirror*:

a) John Lloyd?

b) Christian Tyler?

c) Philip Coggan, John Authers and Scheherazade Daneshkhu?

17) Rupert Murdoch has become passionately fond of open-sea cruising. His motor-yacht cost $28m. Is it called:

a) *The Lady Anna?*

b) *The Lady Margaret?*

c) *Willy Wagtails by Moonlight?*

18) This year's Booker prize was abandoned following a punch-up among the judges. Just before they started fighting, which novelist was 6-4 favourite with the bookmakers, and why was Martin Amis generally quoted at 200-1?

19) The archbishop of Canterbury has had an energetic and fruitful year. *How many times did he:*

a) Appear on *Top of the Pops?*

b) Claim that inner-city riots were linked with PMT (pre-millennial tension) and 'waves emanating from the tenth dimension'?

20) According to scientists, an asteroid the size of Finland is speeding towards Earth at 17,000,000,000,000,000,000 miles per second.

Is the *impact expected* to produce:

a) A New Age of the Dinosaurs?

b) Proof that Einstein was only partly right in most of his equations?

c) A return to growth for the world economy?

d) Five centuries of seriously negative growth?

e) Fresh job opportunities for Norman Lamont?

(Multiple answers acceptable).

Corruption without sin

***James Morgan** visits Indian and receives a lesson in the art and ethics of bribes*

THE TROUBLE with socialism is that it usually has to be oiled by liberal doses of corruption. In India the man who wields the permit rules the world. The minority government of Narasimha Rao is changing things in its pursuit of the free market. The present bureaucratic structure draws tribute from an economy which, in spite of everything, is 60 per cent *in private hands*.

The Licence (or Permit) Raj is one administrative system that the British did not bequeath an independent India. It ensures that every substantial business enjoys a close working relationship with every substantial official. It distorts to an extraordinary degree the normal business of management. My friend Pradeep Sachdeva runs a small furniture workshop employing about 15 men on the outskirts of New Delhi. In a tiny area he had organised the enterprise into three separate businesses. There was the workshop, the design office and the showroom. He had done this to gain the favourable tax treatment and cut-price loans that the government offers small businesses. No amount of expansion, he believes, could possibly push any of his businesses into another bracket. The only trouble is that he makes marvellous stuff, so who knows what the future may hold.

If you work *for a* big company things become complicated. I met Madhavrao Shinde on a flight from Bombay to Delhi just before the festival of Diwali. *Shinde worked for a* foreign multinational and was on his way to find out what presents were expected by those officials with whom he normally dealt.

The custom of giving Diwali presents is no more corrupt than the box of chocolates that a wise building contractor might give to a member of a local government committee in Britain. But Shinde was *troubled by the fact that* every month he had to go to New Delhi to ensure his firm obtained the necessary permission for expansion or closure, for price increases, for new product lines.

To obtain these favours the sums handed over were not large: 100 rupees ($4) here, 100 rupees there, the occasional room in a company rest house for a weary bureaucrat and his family during some strenuous tour up-country.

Shinde found himself at odds with the western notions of bribery followed by his employers. They just paid the cash and waited for results. But Shinde, when he became planning manager 18 months ago, decided to reform this *arid cost-benefit approach. He is a* Hindu and a supporter of the right-wing Bharatiya Janata Party which oddly combines radical free market principles with a large dose of Hindu nationalism.

The starting point for Shinde was, he told me, the religious principle that corrupt money brings no benefit. There is wider economic principle here, one that plays a central *role in Hindu teaching. It is bad* both to pick up and to lose gold. In other words if you do not work for your money it is not properly earned. If you lose it, it is society's loss. If Margaret Thatcher believed in "society" she would probably be a Hindu.

Shinde told me that those who receive a bribe, or their families, will at some time suffer a blow that precisely negates the gain. So he drew up a system that would ensure *his company got the* necessary permits without endangering the welfare of the recipient. In this system money continued to play some role, but the *material aspect constitutes* its least important aspect.

The central element in Shinde's *Bhagavad Ghita of the Licence Raj* is the ego of the bureaucrat. If he is not to receive money there has to be some other system of reward. Shinde's replacement is based on education, recognition and reward. Thus he offers access to computer software. The official is given full technical details, *where possible, of* new product development.

"We want to make him feel a part of our business," Shinde explained. Not only that, he would also be better educated. The official would also become sufficiently involved to be able to put the company's case with authority to his superiors. "We want to help him do his job properly."

In time the official would gain the promotion he deserved. There would be no doubt that in such a position he would recognise the co-operation that had led to this.

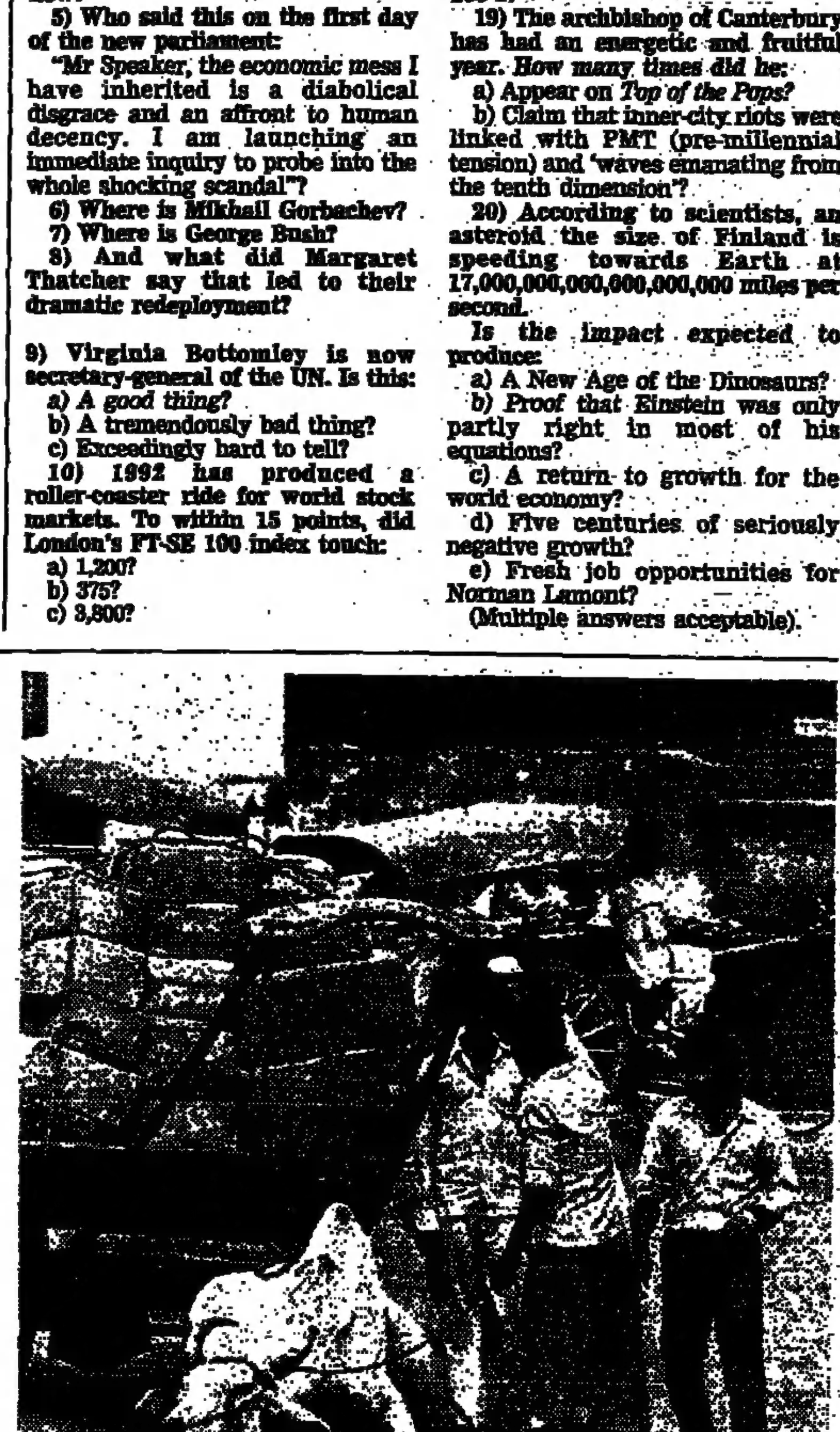
*This approach had important con*sequences for Shinde. He had, by implementing it, resolved his own moral dilemmas. The essence of the problem he faced was not that which would have been obvious to those of us brought up in the Judaeo-Christian tradition. It was his responsibility for the moral welfare of those with whom he did business that was a cause for concern – and the mainspring of his new bribery management system.

I was surprised by this for my Hindu colleagues had led me to sus*pect that the religion's ethical* systems owed more to Machiavelli than Moses. Then I realised that Shinde's principles could have been drawn straight from *The Prince* and renaissance Florence. They are also inexpensive to operate.

This kind of moral ambiguity is *typical of the morass that confronts* those who try to unravel what passes for reality in India.

I tried to find out whether Shinde was a devout Hindu, following the religious law, such as it is, to the letter; or was he a crafty trader in patronage? I was told only westerners would ask such daft questions.

■ *James Morgan is Economics Correspondent of the BBC World Service.*



Road to progress: In India old ways meet new industries